

CAI
EA
-1997
I52

MIX

INVESTING AND DOING BUSINESS WITH CANADA



Fasken Martineau
BARRISTERS AND SOLICITORS



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Your Road to Canada Starts at Fasken Martineau



When business leads you to Canada, you will need the advice of practical and efficient business lawyers who know all the roads. We can be found in key centres, ready and able to give you that advice. Follow our Fasken Martineau road through Canada to our European representative office in London, England. Then follow the road back to Canada – one of the most attractive business climates in the world.

Fasken Martineau

BARRISTERS AND SOLICITORS



A ROAD MAP TO CANADA

If you are trading with or investing in Canada for the first time, you may feel that you need a road map for unfamiliar territory. The national and international law firm of Fasken Martineau has the equivalent of a road map to help you take best advantage of the Canadian market.

You will want to reach your destination with a minimum of detours. You will look for creative advice on structuring, suggestions for avoiding unnecessary delays and introductions to a wide range of other specialized advice.

In other words, you will want to retain an independent, knowledgeable law firm with a deep back-

ground in advising business entrants to Canada.

You will want to consult Fasken Martineau.

WHAT'S IN OUR ROAD MAP?

Many businesses that contact us from offshore for the first time have never carried on business in North America. There are initial considerations regarding the optimum ownership and control of the Canadian business, taking into account the existing offshore business. Sometimes the existing business is currently being carried on in only one country – Germany, Japan, or the United States, for example. Frequently, however, the offshore business is already an international one. In either case, Fasken Martineau has a range of specialists – corporation lawyers, specialists in tax law and treaties, intellectual property lawyers, to name only three – who are completely at home in advising



TORONTO

Toronto is a dynamic centre of corporate finance and industry, with strong links to many other Canadian regions and the major U.S. Great Lakes cities, such as Chicago, Detroit and Cleveland. The Fasken Martineau office in Toronto (Fasken Campbell Godfrey) is a full-service firm with a depth of experience in many areas, such as capital markets, (including mining finance), information technology and commercial litigation, to name only three. Call our managing partner, Alan Schwartz, at +1/416/865-4432 or visit our web site at www.fasken.com.

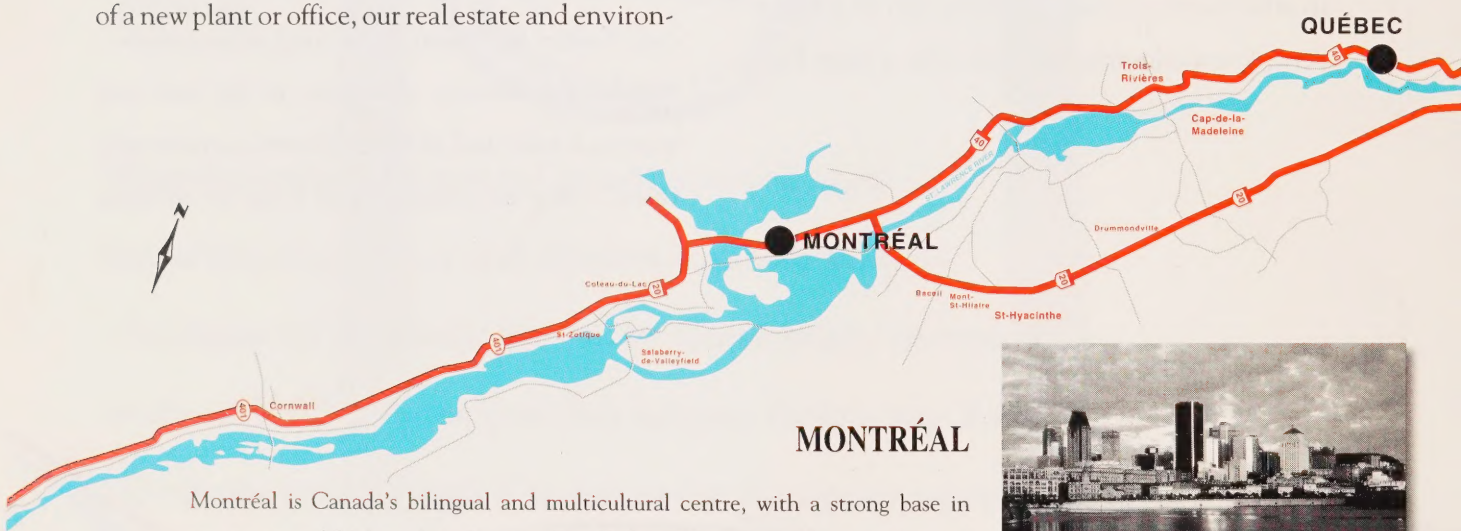


offshore businesses on the most advantageous way to do business in or with Canada.

Perhaps you will be starting your activity in Canada by acquiring an existing Canadian business. Whether the business is privately or publicly held, Fasken Martineau's transactional business lawyers have decades of experience in advising purchasers of every kind of enterprise in obtaining the value that they have contracted for. No matter what sector of industry and commerce is involved, our lawyers are highly skilled at minimizing surprises and structuring the transaction for the benefit of our clients.

If the new business involves the purchase or start-up of a new plant or office, our real estate and environ-

mental lawyers are able to assist you in taking this important step to establish your business. Corporate and trade names are a vital asset that you will want to protect in Canada, and our experts in trade marks, patents and copyright will advise you on exactly what needs to be done and how to carry it out. The employment relationship is critical to the carrying out of every business enterprise. Fasken Martineau has many lawyers who specialise in this crucial and complex area of activity and can advise you on practices that will foster good ongoing relationships. This aspect includes advice on immigration, pensions and other benefit plans.



Montréal is Canada's bilingual and multicultural centre, with a strong base in aerospace and high tech industries. The Fasken Martineau office in Montréal (Martineau Walker) is a full-service firm with extensive experience in many areas, such as business law, litigation, labour and intellectual property, to name only four. Our legal specialists in both the civil and common law traditions share skills and resources to attain optimal results for our clients. Call our managing partner, Louis Bernier, at +1/514/397-7463 or visit our the web site at www.martineau-walker.com.



QUEBEC CITY

The Quebec City office (Martineau Walker) is located in the Province of Québec administrative capital, where not only are our members in direct contact with government agencies but, also provide business clients with a full range of legal services. Call our managing partner, Jean Gagné, at +1/418/640-2010 or visit our web site at www.martineau-walker.com.



You will be concerned with new distribution channels for your products and services within Canada and, possibly, overseas. Our commercial lawyers are experts at advising businesses on upstream and downstream distribution and how to maintain security interests in your goods and services until payment is received. Naturally, in establishing these new distribution chains, you will want to be aware of Canada's laws which regulate anti-competitive practices and other marketing activities. Often, from our existing client base, we can put you in touch with other businesses that can be helpful to you in establishing your new presence.

WELCOME TO CANADA

These are just a few of the many specific ways that we help our offshore clients when they approach the Canadian market for the first time. This is what we mean by providing you with a road map. We take a personal interest in our clients' activities. We are delighted when they prosper and when they become integrated into the Canadian business community. In that sense, we think of ourselves as front-line ambassadors for Canada.

We hope that you will take a few minutes to visit our Fasken Martineau home page on the Internet where you will find much more about our firm and its lawyers. Visit us on the information highway at:

www.fasken-martineau.com



LONDON

From our representative office strategically located in the City of London, we provide Canadian legal advice on a wide range of matters to European businesses free of the time constraints posed by transatlantic communications. For many of our clients, Fasken Martineau's road to Canada starts in London. Find out more about this office and the services it provides by calling one of our Resident Partners, John Elias, at +44 (0) 171/929 2894 or visit our web site at www.fasken-martineau.com.



The second edition of *Investing and Doing Business with Canada* was published by Prospectus Inc. in cooperation with the Department of Foreign Affairs and International Trade. This publication was made possible through the generous sponsorship of Fasken Martineau and the Atlantic Canada Opportunities Agency. Advertising support also has been received from the provinces of Manitoba, New Brunswick, Newfoundland, Quebec, the cities of Brampton, Brantford, Etobicoke, London, Markham, Mississauga, Montreal, Sarnia/Lambton, and the region of Pictou. The publisher would like to acknowledge the contributions of Ken Waldie, John Hannigan, Martha Hancock, McE Galbreath and Marvin Bedward in the development and production of this book.

This publication is designed to provide accurate and authoritative information about investing and doing business with Canada. It is provided with the understanding that the authors and the publisher are not engaged in rendering legal, accounting or other professional services. All efforts have been made to avoid errors and inaccuracies. We encourage the reader to use this publication as one of several resources for commercial dealings with Canada. Any errors, omissions or opinions found in this publication should not be attributed to the Government of Canada, the sponsors nor to the other collaborating organizations.

©Her Majesty the Queen in Right of Canada – 1997

All rights reserved. No part of this publication may be transferred, dumped, or downloaded into any other database, nor reproduced, stored in a retrieval system nor transmitted in any form or by any means, electronic, mechanical, by photocopy, recording or otherwise without the prior written permission of the Minister of Public Works and Government Services Canada, Ottawa, Ontario K1A 0S5.

©Prospectus Inc. – 1997

All rights reserved. No part of the annotations, indexes, summaries, descriptions and the selection, presentation and organization of material contained in this publication may be transferred, dumped, or downloaded into any other database, nor reproduced, stored in a retrieval system nor transmitted in any form or by any means, electronic, mechanical, by photocopy, recording or by any means, electronic, mechanical, by photocopy, recording or otherwise without the prior written permission Prospectus Inc.

October 1997

ISBN: 0-921894-70-8

For more information, contact:

International Marketing Group
Communication Strategies and Planning Division
Department of Foreign Affairs and International Trade
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-4128
Fax: (613) 995-9604
FaxLink: (613) 944-6500
Internet: <http://www.dfait-maeci.gc.ca/investcan>
E-mail: investcan@dfait-maeci.gc.ca

To order additional copies of this publication, please contact the publishers:

Prospectus Inc.
180 Elgin Street
Suite 900
Ottawa, ON K2P 2K3
Tel.: 1-800-575-1146 or (613) 231-2727
Fax: (613) 237-7666
Internet: www.prospectus.com
E-mail: canada@prospectus.com

Published by Prospectus Inc.

Printed in Canada.

Disponible en français.

INVESTING AND DOING BUSINESS WITH CANADA

Published by:

prospectus
knowledge in action

Sponsored by:

Fasken Martineau
BARRISTERS AND SOLICITORS

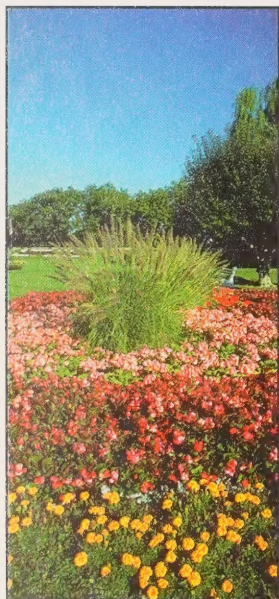
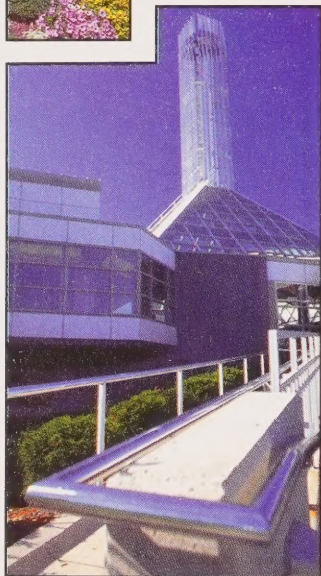


Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique



Brantford, Ontario: A City for All Reasons.



Location, location, location.

Brantford is located less than 100 kilometers southwest of Toronto, Ontario. U.S. border points near Buffalo, New York are within the same radius. In addition, Brantford lies within 200 kilometers of the industrial areas near Detroit, Michigan.

Excellent road, rail and air transportation systems link Brantford companies to the NAFTA market of more than 376 million people.

A history of industry.

Founded in the early nineteenth century, Brantford quickly grew to a thriving industrial city by 1877. Today, automotive and plastics dominate Brantford's industrial make-up. However, numerous industries, including food processing, household goods, pharmaceuticals and others now provide the city with a stable and diverse industrial base.

Staying ahead with technology and training.

With its close proximity to many of Canada's leading universities, Brantford can take advantage of higher learning opportunities. The Brantford campus of Mohawk College provides training at the community college level, with a variety of diploma and certificate programs.

The city has a number of secondary schools offering a wide range of courses. Continuing education programs round out the available opportunities.

Room to grow for business.

The diversity of Brantford's business make-up offers older facilities for smaller companies looking to start up, as well as abundant available land for larger enterprises. The Brantford Industrial Park, located on Highway 403, is a prime area of expansion. It offers a full range of services.

Now in its seventh development phase, the city-owned industrial park encompasses 1,500 acres of zoned land. A further 1,300 acre business park area is slated for development.

Brantford, Ontario, Canada offers a variety of compelling benefits for businesses looking to set up in North America: An ideal location, close to Canada's largest metropolitan area, as well as the U.S. border; full transportation availability; skilled workforce; all municipal amenities; and land costs considerably less than comparable areas.

With a population approaching 90,000, Brantford offers the complete array of city services, while avoiding many of the traffic, pollution and crime problems of larger urban areas. Brantford has proven to be a successful site for a number of companies, from all over the world.

For all reasons, the place to be.

Brantford offers a unique set of benefits, including location in the middle of the largest industrial and consumer corridors in North America, skilled labour force, complete amenities and highly competitive land costs. For all reasons, Brantford is "the place to be".

Contact Mr. David Amos,
Director of Economic Development,
City Hall, 100 Wellington Square,
Brantford, Ontario, Canada N3T 2M3.
Tel: (519) 759-4150 Fax: (519) 752-6775
E-mail: ecdevel@bfree.on.ca

Brantford's got IT.

FCA MAKES THE CALL FOR BRANTFORD.

Financial Collection Agencies, with offices in the United States, Britain and Canada, has established operations in downtown Brantford. The company currently has contracts with governments, banks, utility companies and technological companies. Brantford's ideal real estate, labour force and technological advantages make it the natural choice. "We depend on high efficiency lines," explained Angelo Tambasco, Vice President of Operations. "Brantford has everything we need already in place."

HARDWARE DISTRIBUTION CENTRE IS BRANTFORD'S ACE.

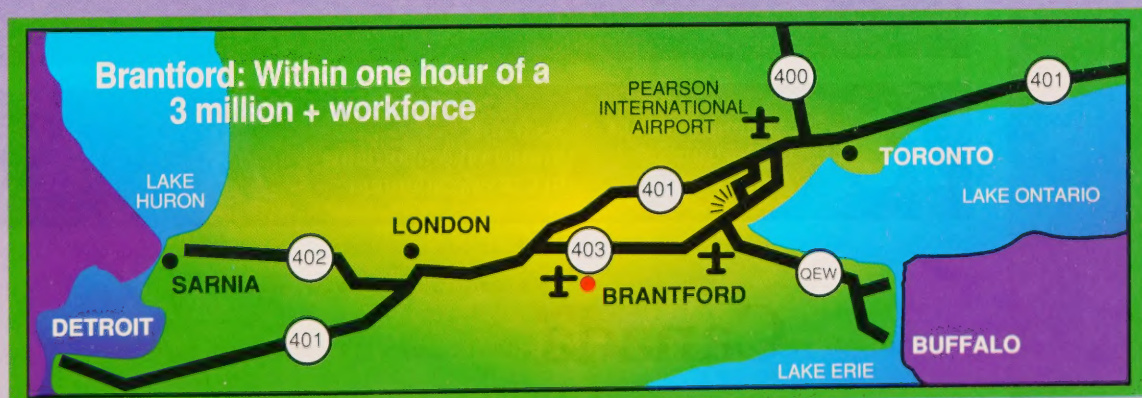
Brantford is site of a Distribution Centre for Ace Hardware Canada Limited, a subsidiary of Ace Hardware Corporation. Ace Hardware has more than 5,000 dealers across all 50 states and the world. The Brantford centre serves eastern Canada. David F. Myer, Ace Vice President, Retail Support & New Business praised Brantford. "The availability of space, combined with Brantford's central location and cooperation of local officials, was instrumental in selecting the city for our facility."

CONSISTENT PERFORMANCE WINS FOR NICHIRIN.

Brantford manufacturer Nichirin Inc. was proud to win a coveted quality performance award in 1994 from Honda of America Mfg. The company, a wholly-owned subsidiary of Nichirin Co. Ltd., Kobe, Japan, assembles high pressure hoses for the automobile industry in North America. Nichirin exports 85% of its product to the United States. Its main customers are Honda, Nissan, Cami and Kawasaki. According to Executive Vice-President Frank Johnson, "The most important thing has been the satisfaction with the quality of Nichirin, Inc.'s 200 plus employees."

ADIDAS DISTRIBUTION CENTRE LACES IT UP IN BRANTFORD.

Brantford's Brancida Industrial Park is home to a new national distribution centre for adidas (Canada) Ltd. The centre packages and distributes footwear and apparel across the country. It includes 100,000 square feet of warehouse space where merchandise from around the world is packed, ticketed, labeled and shipped. The facility employs radio-controlled units to guide merchandise pickup and a multi-level conveyor system to move product. adidas chose Brantford for its reasonable land prices and available workforce as well as highway accessibility.



See our eight-page
INVESTMENT REPORT
on Atlantic Canada following page 16.

*The cost of doing business in Atlantic Canada
is significantly lower than in five leading European
countries and several U.S. cities.*

KPMG CANADA



Investment

Atlantic Canada: A World of Opportunities

Atlantic Canada is well-situated, innovative, resourceful, enterprising and welcoming. In other words, it's a good place to do business. Compared to many locations in the United States, Germany, Italy, France, Sweden and the United Kingdom, Atlantic Canada offers:

- significantly lower industrial land and construction costs
- more attractive labour costs
- a better tax climate for research and development
- a better quality of life

For further information on the opportunities that await you, contact:

Atlantic Canada Opportunities Agency

Head Office

P.O. Box 6051

Moncton, New Brunswick

Canada E1C 9J8

Tel: (506) 851-2271 Fax: (506) 851-7403

Web Site: www.acoa.ca



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada 

TABLE OF CONTENTS

CANADA'S PLACE IN THE WORLD	ix
-----------------------------------	----

Section I — Why Canada?	I
--------------------------------------	----------

CHAPTER 1 — A ROBUST AND COMPETITIVE ECONOMY	3
--	---

Sustained Growth	3
Low Inflation	4
A Knowledge-Based Industrial Structure	4
A Healthy Labour Market	4
Competitive Location-Sensitive Costs	5
A Balanced Public Sector	5
A Sharp Focus on International Markets	6

CHAPTER 2 — READY ACCESS TO VAST, OPEN MARKETS	7
--	---

The Canadian Market	7
International Markets	11

CHAPTER 3 — SUPPORTIVE GOVERNMENT POLICIES	13
--	----

Hospitable Regulatory Policies	13
A Stable and Competitive Tax System	13
Access to Venture Capital	14
Business Support Programs	14
An Extensive and Well-Maintained Infrastructure	15
A Highly-Educated Work Force	15
Positive Trends in Labour Relations	16
Simple Access for Business Visitors	16

THE ATLANTIC CANADA OPPORTUNITY — INVESTMENT REPORT	
---	--

Section 2 — The Business and Investment

Environment	17
CHAPTER 4 — INVESTMENT POLICY	19
Regulation of Foreign Investment	19
Sensitive Sectors	20
Provincial Investment Restrictions	21
Investors from the NAFTA Countries	21
Trade-Related Investment Measures (TRIMS)	21
Remittance of Funds	21
CHAPTER 5 — ESTABLISHING A BUSINESS	23
Canadian Corporations	23
Branches of Foreign Corporations	24
Sole Proprietorship	24
Partnerships	24
Joint Ventures	24
Franchises	24
CHAPTER 6 — OPERATING A BUSINESS	25
Exporting and Importing	25
Competition	26
Accounting and Audit Practices	26
CHAPTER 7 — TAXATION	29
Corporations	29
Individuals	31
Payroll Taxes	31
Goods and Services Tax (GST)	32
Provincial Retail Sales Taxes	32
Customs Duties	32
Land Transfer Tax	33
International Issues	33
CHAPTER 8 — PROTECTION OF INTELLECTUAL PROPERTY	35
Patents	35
Trademarks	35
Copyright	36
Industrial Design	36
Integrated Circuit Topographies	36
Plant Breeders' Rights	36
CHAPTER 9 — LABOUR LAWS	37
Statutory Employment Standards	37
Fringe Benefits	38
Maternity and Parental Leave	38
Employment Termination	38
Pensions	38
Employment Insurance	38

Workers' Compensation	39
Collective Bargaining	39
Apprenticeship and Trade Qualifications	39
Foreign Personnel	39
CHAPTER 10 — CONSUMER PROTECTION	41
Packaging and Labelling	41
Product Standards and Codes	42
Environmental Law	42
Real Estate Development	43
CHAPTER 11 — GOVERNMENT SERVICES FOR BUSINESS	45
International Trade and Investment Development	45
Industry Canada (IC)	45
Canadian Business Service Centres	46
Government Support to Industry for Research and Development (R&D)	46
Financial Services	46
Regional Development Programs	47
Business Immigration Program	47
Section 3 — Infrastructure	49
CHAPTER 12 — HUMAN RESOURCES	51
Post-Secondary Educational Institutions	51
On-the-Job Training	52
Cooperative Training	52
Apprenticeship and Internship Training	52
Distance Education	52
Government Human Resources Development Programs	52
CHAPTER 13 — COMMUNICATIONS	55
The Regulatory Environment	55
Telecommunication Networks	56
The Information Superhighway	56
Canadian Network for the Advancement of Research, Industry and Education	57
CHAPTER 14 — TRANSPORTATION	59
Deregulation	59
Transportation Networks	59
Logistical Services	61
North-South Connections	61
CHAPTER 15 — RESEARCH AND DEVELOPMENT (R&D)	63
The R&D Tax Incentive System	63
Industrial R&D	64
University R&D	64

Federal Government R&D	64
Provincial Government R&D	64
R&D Collaboration	65
Quality of the R&D Infrastructure	65
 CHAPTER 16 — FINANCIAL SERVICES	67
The Bank of Canada	67
Chartered Banks	67
Trust and Loan Companies	68
Insurance Companies	68
Government Financial Institutions	68
Venture Capital Funds	68
Investment Dealers	68
Stock Exchanges	69
Regulatory Issues	69
 CHAPTER 17 — ENERGY	71
Electricity	71
Oil	72
Natural Gas	72
 Section 4 — Six Sectors of Opportunity	75
 CHAPTER 18 — MEDICAL DEVICES	77
Industry Overview	77
Research and Development (R&D)	77
Competitive Advantages	78
Outlook	79
 CHAPTER 19 — INFORMATION TECHNOLOGY	81
Industry Overview	81
Research and Development (R&D)	82
Competitive Advantages	84
Outlook	85
 CHAPTER 20 — SEMICONDUCTORS	87
Industry Overview	87
Research and Development (R&D)	88
Competitive Advantages	89
Outlook	90
 CHAPTER 21 — ADVANCED MANUFACTURING TECHNOLOGIES	91
Industry Overview	91
Research and Development (R&D)	91
Competitive Advantages	93
Outlook	94

CHAPTER 22 — PHARMACEUTICALS	95
Industry Overview	95
Research and Development (R&D)	95
Competitive Advantages	97
Outlook	98
CHAPTER 23 — AGRI-FOOD	99
Industry Overview	99
Research and Development (R&D)	100
Competitive Advantages	101
Outlook	103
Section 5 — Investing in Canada:	
The Next Steps	105
CHAPTER 24 — MARKET RESEARCH	107
Statistics Canada	107
The Department of Foreign Affairs and International Trade (DFAIT)	108
Industry Canada (IC)	108
Other Federal Departments and Agencies	109
Provincial Governments	109
Municipal Governments	109
Horizontal Business Associations	110
Industry Associations	110
Professionals and Intermediaries	110
On-line and Faxback Services	111
CHAPTER 25 — VISITING CANADA	113
Planning a Business Trip	113
Business Customs	114
Transportation	114
Mixing Business with Pleasure	115
APPENDIX A — CONTACTS IN CANADA	117
APPENDIX B — INTERNATIONAL TRADE CENTRES IN CANADA	129
APPENDIX C — LIST OF CANADIAN MISSIONS ABROAD	131
APPENDIX D — FOREIGN BANKS IN CANADA	145



YUL LOVE TO DO BUSINESS IN MONTREAL

YUL is the airport code unique to Montreal. There are many other factors that make Montreal a unique place for international investors to do business: easy access to over 100 million consumers in the Boston, New York and Washington D.C. areas and other North American markets (including Mexico); four universities and over 250 research centres; state-of-the-art telecommunications infrastructures and a highly efficient intermodal transportation network. Montreal is one of the world's safest, most highly rated cities with a remarkably low

cost of living and one of the least expensive places to do business in North America. Montreal International is the result of a unique partnership between the private and public sectors. It offers foreign investors one-stop shopping for all their business needs: joint ventures, direct investment, support for investments and information on the financial and business environments.

MontrealInternational
YUL LOVE IT FOR BUSINESS!

FOR INFORMATION CALL
1 (514) 987-8191 or fax us at 1 (514) 987-1948
Web Site: <http://www.montreal-intl.com>

FOREWORD

CANADA'S PLACE IN THE WORLD

Canada is a nation of well-educated, enterprising and resourceful people. The country is endowed with abundant natural resources and favoured with political stability, a sound economy and an outstanding quality of life. It is influential in international affairs, especially in areas of trade and investment, humanitarian assistance and international peacekeeping. Canada exerts this influence through its membership in numerous international organizations. It is a member of the G7 group of the world's leading industrialized nations as well as the British Commonwealth and La Francophonie. It participates actively in the affairs of the United Nations.

From its earliest beginnings, Canada has been an outward-looking nation. The pioneers who first arrived from Europe brought capital with them from their homelands. Many were backed by overseas partners. But even with help from abroad, the early Canadians had to rely on their own resourcefulness and ingenuity to tame a vast and rugged territory. They quickly became experts in transportation and communications. They learned from firsthand experience about the essential role that infrastructure plays in economic development. And they applied those skills to bind a geographically-dispersed string of settlements into a true nation.

More recent waves of immigrants have come from every corner of the world. They came to build new lives in an

environment without class boundaries, where competence, hard work and innovation are the foremost ingredients of success. In contrast with the cultural "melting pot" of the United States, Canada has embraced cultural diversity and encouraged immigrants to preserve their heritage. This unique history has left Canadians exceptionally well positioned in today's information-based world economy. For them, globalization is just as much business as usual as it is a challenge.

For those who have had the chance to visit Canada, it is no surprise that the country's quality of life is so highly rated in international comparisons. They understand why the United Nations ranks Canada number one in the world on its Human Development Index. And why the World Bank ranks it second in terms of its wealth of resources, investment and social programs. In addition to these achievements, the Geneva-based Corporate Resources Group ranks Vancouver and Toronto as the second and fifth best cities in the world in which to live.

Canadians are proud of their achievements in building such a successful and attractive nation. Nonetheless, they are certainly not inclined to rest on their laurels; instead, both collectively and individually, they are committed to building an even brighter future. They see partnerships with innovative and talented investors and entrepreneurs in other countries as a key strategy for accomplishing that goal.

**Which of these cities did
KPMG report to be the most
cost-effective place to do
business in North America
and Western Europe?**

ST. JOHN'S, NEWFOUNDLAND, CANADA

To find out more about doing business
in the city of St. John's and the province
of Newfoundland and Labrador, call
1-800-563-2299 or visit our website at
www.success.nfld.net

NEWFOUNDLAND
& LABRADOR
Canada 

SECTION 1 – WHY CANADA?

Today more than ever before, investors and business leaders think globally when they contemplate new ventures. Many countries compete for their attention. High-growth Asian “Tigers,” newly liberalized Latin American trading blocs and emerging East European democracies have all attracted their share of notice. In most of these countries, opportunity comes mainly from the recent removal of restraints on trade.

Canada’s attraction is more complex, and at the same time more compelling. It derives not so much from the size or growth rates of domestic markets, as it does from the country’s position as a solid base for global trade. The Canadian economy is large, robust and competitive. But the regional market is much larger. Under the North American Free Trade Agreement (NAFTA), a Canadian location provides ready access to a market approaching 400 million people, with a combined gross domestic product (GDP) of about \$11 trillion.¹ Canada also has free-trade agreements with Israel and Chile. And as an influential member of the World Trade Organization (WTO), it participates in ongoing efforts to lower global trade barriers. Companies that are attracted by these opportunities have the further advantage of hospitable and efficient business conditions. In short, Canada is “open for business.”

Canada’s competitiveness in world markets has been widely recognized by international authorities. In 1997, the Swiss-based World Economic Forum ranked Canada as the world’s fourth most competitive country. The Forum’s Global Competitiveness Index incorporates 8 competitiveness indicators for 53 countries. Only Singapore, Hong Kong and the United States scored better, placing Canada second among large industrialized economies. The country ranked in the top five of all but three of the individual indicators. The highest rankings were in management (3), openness (4), infrastructure (4), technology (4), finance (5) and institutions (8). Even Canada’s lower rankings in government (24) and labour (15) are still relatively high. Importantly, the scores for the sub-categories of competence of government (9) and skills and productivity of labour (12), are higher.

When it comes to location-sensitive costs, other studies reveal Canada as being more competitive than the United States for a wide range of manufacturing industries. For example, since 1994 the consulting firm KPMG Canada has been comparing operating costs for model manufacturing operations in Canada and the United States. Average location-sensitive costs have been consistently lower in Canada and this country’s

¹ Unless otherwise indicated, all monetary values are expressed in Canadian dollars.

labour compensation costs are especially competitive. The advantages are even greater for high-technology companies that take advantage of the country's research and development (R&D) incentives, which are considered among the best offered by industrialized nations. In 1997, KPMG Canada extended their study to cover five European countries (France, Germany, Italy, Sweden and the United Kingdom): again, Canada emerged as the country offering the lowest costs.

This handbook is designed to inform business people around the world about Canada's advantages as a destination for investment. Section One begins by outlining the nation's principal advantages: a robust economy, including highly-skilled human resources, ready access to a huge market, and hospitable business conditions created by supportive government policies. It answers the fundamental question: "Why Canada?"

Section Two describes the business and investment environment in greater detail. It includes chapters on investment policy as well as several aspects of the legal and regulatory setting for forming and operating a business in Canada. It explains how the objectives of protecting consumers, investors, workers and the environment are balanced with the need for business to compete in the global economy. It also outlines government programs available to assist business.

Section Three deals with the nation's advanced infrastructure. Separate chapters are devoted to human resources, R&D, communications, financial services, energy and transportation. In each case, Canada offers world-class assets combined with a very competitive cost structure.

Section Four extends the discussion of competitive advantages to cover six industrial sectors with special potential. They are medical devices, information technology, semiconductors, advanced manufacturing technologies, pharmaceuticals, and agri-food. Canada offers opportunities in virtually every sector, but these and other high-technology industries are in an especially good position to take advantage of the country's superb R&D environment.

Section Five is for the potential investor who is intrigued about Canada and wants to learn more about specific opportunities. It describes the principal sources of market research information that are available in Canada, at missions abroad and over the Internet. The concluding chapter provides information for planning a business trip to Canada. Detailed contact lists are provided in the appendices.

CHAPTER 1 – A ROBUST AND COMPETITIVE ECONOMY

The Canadian economy is among the world's largest, with a gross domestic product (GDP) forecast at more than \$830 billion for 1997. The nation enjoys an enviable standard of living supported by a superb infrastructure. An advanced and accessible education system has produced a skilled work force and a knowledge-based industrial structure. Canada has a relatively small domestic market of 29 million people, and these achievements have come largely from the aggressive pursuit of international trade. The economy is more trade-oriented than that of any other G7 country.

Steady growth and low inflation have created a stable and predictable economic climate and kept interest rates low. Favourable trends in productivity, wage settlements and the exchange rate have boosted cost competitiveness. Government spending has been cut back and a balanced federal government budget will be achieved by 2000.

All of these factors contribute to an excellent environment for long-term direct investment.

SUSTAINED GROWTH

Canada's economy has grown steadily since it recovered from a recession in 1991–1992. In fact, between 1993 and 1996, real growth averaged 2.5 percent annually. Growth accelerated to an annualized rate of more than 3 percent during the last months of 1996, and this pace is expected to continue for 1997 and 1998.

For the most part, business investment and exports have fuelled this expansion. In the four years ending in 1996, real business investment in machinery and equipment climbed 40 percent, while merchandise exports nearly doubled. The Toronto-Dominion Bank has estimated that real exports of goods and services will grow by another 5.1 percent in 1997. Consumer spending emerged as an additional source of growth beginning in late 1996.

Economic forecasters agree that Canada has solid economic prospects. The latest private sector "consensus" forecast suggests real GDP growth of 3.3 percent in 1997 and 2.9 percent the following year. The Organisation for Economic Co-operation and Development (OECD) forecasts growth of 3.3 percent in both years,

OECD Economic Forecasts

Percentage increase in real GDP

	1997	1998
Canada	3.3	3.3
United States	2.2	2.0
Japan	1.6	3.7
Germany	2.2	2.6
France	2.5	2.6
Italy	1.2	2.1
United Kingdom	3.3	3.0
Total G7	2.1	2.6
Total OECD*	2.4	2.7

* Average for all OECD member countries.

Source: OECD Economic Outlook, December 1996

well above the OECD average, and surpassed only by Japan in 1998.

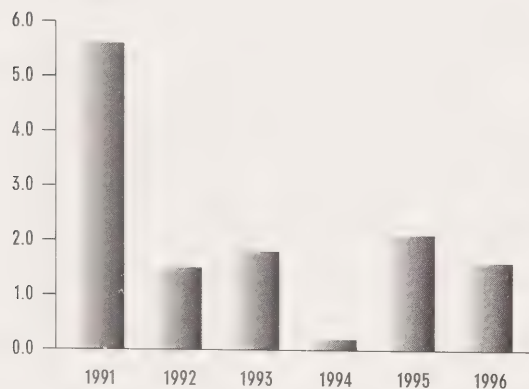
LOW INFLATION

The Government of Canada and the Bank of Canada follow an explicit policy of restraining inflation within a band of 1 to 3 percent. As measured by the Consumer Price Index, inflation has remained at around 2 percent since 1991. Over the same period, the Implicit Price Index, another indicator of inflation, rose by less than 1.5 percent annually.

This success at restraining price increases has paved the way for dramatic declines in interest rates. By late 1996, short-term interest rates were lower in Canada than in the United States, and long-term (30-year) rates were close to levels in the United States.

Recent Inflation Performance

Annual percentage change in the Consumer Price Index



Source: Statistics Canada.

A KNOWLEDGE-BASED INDUSTRIAL STRUCTURE

The Canadian economy is service-dominated and knowledge-based, with a rapidly growing number of high-technology companies. Canada is second only to the United States among the G7 countries in the relative size of its service sector, which accounts for well over two thirds of economic output. Within the service sector, growth has been particularly strong in industries whose

outputs are tradable internationally. This includes management consulting and engineering services as well as information and financial services.

Recently, service sector growth has begun to level off, and there is growing emphasis on secondary manufacturing and processing. Companies producing high value-added products are becoming a major source of economic growth and new high-skilled jobs. For example, the value of machinery and equipment exports surged by about 80 percent between 1991 and 1996. Other knowledge-intensive industries include transportation equipment, telecommunication products, computer software, and health care products.

The natural resource industries remain an important source of economic activity in several regions of the country. The focus is on sophisticated extractive processes, with high yields and low environmental impact. Canadian resource companies have expanded on their traditional role as suppliers of raw resources and now export technology and high value-added products. Canadian mining, forestry, fishing and agriculture experts are in demand around the world, especially in developing countries seeking to more effectively exploit their own resources. Typically, export sales in this area include a combination of services and high-technology equipment.

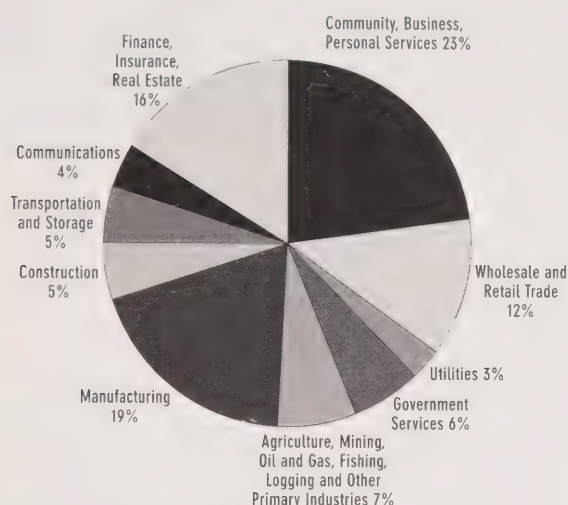
A HEALTHY LABOUR MARKET

A sophisticated and accessible education system provides a steady stream of highly qualified graduates. Ongoing training and upgrading of skills ensures that the work force is adaptable to changing technologies, markets and management methods.

Canada is a world leader in integrating academic and vocational studies with practical work experience. One of every three workers receives some form of structured on-the-job training or education each year. The federal and provincial governments help companies to meet their human resource needs through a variety of training and labour market adjustment programs.

Structure of the Canadian Economy: Output by industry, 1996

Share of GDP at factor cost



Source: Statistics Canada, *Gross Domestic Product by Industry*, December 1996, Table 1.

These training assets have helped to bring about productivity gains, which have largely been driven by increased exposure to world markets. A more open global economy has increased the flow of private investment and fostered industrial restructuring and rationalization. These trends, coupled with several years of modest wage increases, have had a healthy impact on Canada's international competitiveness.

According to the United States Bureau of Labor Statistics, hourly compensation costs, measured in national currencies, rose more slowly in Canada than in the United

Trends in Manufacturing Labour Costs

Index of measures for manufacturing, 1992 = 100

	1992	1993	1994	1995
Compensation Per Hour (national currency basis)				
Canada	100	100.1	102.4	103.7
France	100	103.6	106.2	107.9
Germany	100	106.0	110.5	116.1
United States	100	102.4	105.1	108.0
Unit Labour Costs (US \$)				
Canada	100	92.1	85.8	85.1
France	100	95.1	91.8	100.8
Germany	100	98.9	98.1	113.1
United States	100	98.8	97.2	96.6

Source: United States Bureau of Labor Statistics, *Monthly Labor Review*, November 1996, p. 104.

States during every year from 1992 to 1995. Moreover, Canada registered the smallest total rise in hourly manufacturing compensation costs among G7 countries over this period. Low inflation and relatively high unemployment are likely to continue to exert a moderating influence on labour costs. Labour-management relations are stable, and time lost due to work stoppages dropped by almost 70 percent between 1990 and 1995.

COMPETITIVE LOCATION-SENSITIVE COSTS

In 1996 the consulting firm, KPMG Canada, released a study entitled *The Competitive Alternative: A Comparison of Business Costs in Canada and the United States*. It compared model business operations in 7 industries located in 13 Canadian and 10 American locations. This study found that average location-sensitive costs were 15.7 percent lower in Canada than in the United States before tax. The overall after-tax cost advantage for Canada is 6.7 percent

The most important cost categories underlying the cost advantage are salaries and employee benefits, which together account for 65 percent of location-sensitive costs. In 1996, Canadian labour costs were determined to be, on average, 23 percent lower than in the 10 American cities profiled. Direct wage and salary costs were generally lower in Canada, but lower costs for employee benefits and payroll-based taxes are an even bigger advantage. All Canadian locations considered in the study had lower location-sensitive costs, in each industry, than every American city examined.

In its 1997 study of business costs, KPMG Canada extended its analysis to cover 8 industries in 42 cities in Canada, France, Germany, Italy, Sweden, the United Kingdom and the United States. Canada is the country offering the lowest costs in each of the eight industries examined. Moreover, the 17 Canadian cities were among the top 20 cities with the lowest costs of doing business.

A BALANCED PUBLIC SECTOR

Beginning in the 1990s federal and provincial governments began to reduce their level of intervention in the

The World's Top Ten Traders, 1995

Share of world merchandise trade*

Rank	Exports		Imports	
	Country	Percentage Share	Country	Percentage Share
1	United States	11.6	United States	15.0
2	Germany	10.1	Germany	8.6
3	Japan	8.8	Japan	6.5
4	France	5.7	France	5.3
5	United Kingdom	4.8	United Kingdom	5.2
6	Italy	4.7	Italy	3.9
7	Netherlands	3.9	Hong Kong	3.8
8	Canada	3.9	Netherlands	3.4
9	Hong Kong	3.5	Canada	3.4
10	Belgium**	3.3	Belgium**	3.0

* Valued in US dollars.

** Includes Luxembourg.

Source: World Trade Organization (WTO).

economy. At first, this dampened economic activity because of reductions in government payrolls and other spending. But in the longer term, a smaller public sector has created the conditions for stronger private sector growth and a more dynamic economy. Government spending has fallen to 43 percent of GDP from 49 percent in 1992. The downward trend is expected to continue in 1997 and 1998.

A balanced federal government budget is expected by 2000. Six of Canada's ten provinces are already running budget surpluses. On a national accounts basis, Canada's ratio of total net government debt to GDP stands at approximately 66 percent and is set to fall steeply over the next few years.

A SHARP FOCUS ON INTERNATIONAL MARKETS

Even though it has a population of only 29 million, Canada is one of the world's top trading nations. In 1995, it was the eighth largest exporter and the ninth biggest importer in the world. Total international trade was 72 percent of GDP, the highest of any G7 country. With a population nine times the size of Canada's, the United States' share of global exports is only three times larger.

Canadian Merchandise Trade*

\$ billions

Year	Exports	Imports	Balance
1992	155.4	149.2	6.2
1993	181.3	171.9	9.4
1994	217.9	203.0	14.9
1995	253.8	225.4	28.4
1996	267.1	233.0	34.1

* Seasonally adjusted; calculated on a balance-of-payments basis.

Source: Statistics Canada, *Canadian International Merchandise Trade*, Catalog 65-001, December 1996, p. 20.

More than three-quarters of natural resource output and over half of manufacturing production are exported. And an increasing proportion of the output of the service industries is sold outside the country. At the same time, Canadian consumers and businesses rely on imports to meet a large part of their demand for goods, services and technology.

Canada's involvement with the global economy is not limited to trade. Foreign direct investment in Canada is an important source of capital and technology. A growing number of Canadian companies are actively involved in making direct investments abroad and many of them have formed strategic alliances with foreign firms.

CHAPTER 2 – READY ACCESS TO VAST, OPEN MARKETS

Outstanding access to international markets is one of Canada's most important strengths. In particular, access to the huge market covered by the North American Free Trade Agreement (NAFTA) has been a powerful magnet for international investors. This is especially true considering Canada's cost-competitive advantage relative to the United States. Nonetheless, prospective investors should not overlook the substantial opportunities presented by the Canadian market itself. Although the country has a relatively small population, its consumers are affluent, informed and ethnically diverse. And businesses located in Canada constitute a large market, especially for innovative, cutting-edge products.

THE CANADIAN MARKET

A positive economic outlook and higher growth in personal incomes are expected to generate strong demand in Canadian consumer and industrial markets over the next few years. These markets are highly dynamic, although many of the underlying trends are predictable. Companies that can respond to evolving markets with flexible production methods and versatile products will find excellent prospects.

POPULATION

Canada's population was 28.8 million in 1996, and is growing at just over 1 percent annually. A land mass of almost ten million square kilometres gives Canada the lowest population density of any major industrial country. On the other hand, the major markets are

concentrated in the southern part of the country. About 90 percent of the population lives within a narrow band along the shared border with the United States.

The majority of Canadians – 62 percent – live in Ontario and Quebec, with heavy concentrations in the southernmost parts of those provinces. Western Canada, the fastest-growing region, has about 30 percent of the population. Atlantic Canada has 8 percent, while a small number live in the Yukon and Northwest Territories.

URBANIZATION

Almost half of the Canadian population lives in the nine largest metropolitan areas and close to one-third live in the three largest. Most population growth is in cities with more than 100,000 inhabitants.

The three largest metropolitan areas are Toronto, Montreal and Vancouver, with a combined population of about nine million. Other metropolitan centres with populations between 650,000 and one million include Ottawa-Hull, Edmonton, Calgary, Quebec City, Winnipeg and Hamilton.

CULTURAL DIVERSITY

Canada is a nation of immigrants. The people who originally settled the country came mainly from England, Scotland, Ireland and France. During this century there have been large flows of immigrants from other regions, most notably Eastern Europe, Asia, Africa and Latin

America. The result is an ethnically mixed population. Canadians value this diversity, recognizing multiculturalism as one of their nation's most significant distinguishing characteristics.

In the 1991 census, 30 percent of the population reported that their ethnic origin was not British, French or Canadian. Moreover, 42 percent said that they had at least one origin other than British, French or Canadian. Most Canadians with French origins live in Quebec, where three quarters of the population reports a French-only ethnic origin.

Canada's official languages are English and French, and a growing proportion of the country's population is able to speak and understand both. English is the dominant language in most parts of the country, since the majority of those whose first language is French live in Quebec. Significant concentrations of francophones are also found in New Brunswick, eastern and northern Ontario, and parts of Manitoba.

Population by Region and Province, 1996

Region/ Province	Population (000s)	Percentage of Total*
Atlantic Canada:	2,334	8.2
Newfoundland	552	1.9
Prince Edward Island	135	0.5
Nova Scotia	909	3.2
New Brunswick	738	2.6
Central Canada:	17,892	62.0
Quebec	7,138	24.7
Ontario	10,754	37.3
Western Canada:	8,526	29.5
Manitoba	1,114	3.9
Saskatchewan	990	3.4
Alberta	2,697	9.3
British Columbia	3,725	12.9
Northern Territories:	95	0.3
Yukon	31	0.1
Northwest Territories	64	0.2
Total	28,847	100.0

* Figures have been rounded.

Source: Statistics Canada, 1996 Census results (available from Statistics Canada Internet site at <http://www.statcan.ca>).

Other large ethnic groups include Germans, Italians, Ukrainians, Dutch, Poles and Scandinavians. The most recent wave of immigration has come from Asia, Latin America, the Caribbean and Africa. Hong Kong alone provided about 15 percent of all immigrants in the 1993 to 1995 period.

Canada admits more than 200,000 immigrants annually, most of whom settle in the country's three largest metropolitan centres: Toronto, Montreal and Vancouver. Aside from their cultural contributions, these groups present an excellent source of language skills for internationally-oriented business.

INCOMES

Canadians enjoy substantial incomes and are discriminating consumers. Average family income in 1995 was \$54,200. Close to two-thirds of personal income was derived from employment. The share of investment income has climbed steadily and now provides about 13 percent of personal income. Government transfers, including retirement pensions and allowances, provide 17 percent of total income. Annual growth in nominal personal income has been in the range of 2 to 3 percent in recent years.

A progressive income tax system combined with government transfer payments has reduced income differentials between the provinces. In 1995, the national per capita income was just over \$22,600. Ontario had the highest income at about \$24,000 and Newfoundland had the lowest at roughly \$18,000.

CONSUMER MARKETS

Canadians spend close to \$500 billion annually on consumer goods and services. The most important component is services, accounting for more than half of all expenditures. Shelter is the most important service consumed. Non-durable goods account for slightly more than one-quarter, with food alone comprising 11 percent of consumer expenditures. Durable goods account for about 15 percent, led by motor vehicles.

Market Trends

The age structure of the population is comparable to other industrialized countries except that Canada experienced a very pronounced “post-war baby boom” which began when the troops returned after World War II. The United States, Australia and New Zealand also experienced baby booms, but to a lesser extent. A cohort of almost ten million “baby boomers” comprise one third of the Canadian market, enjoying a substantial impact on consumer markets.

The oldest baby boomers are now approximately 50 years old, whereas the youngest are in their early 30s. As this group ages, the proportion of older consumers is growing rapidly relative to the younger age-groups. This trend is driving consumption of home maintenance, health services, financial services, and travel and leisure activities. Consumer spending is also influenced by growing ethnic diversity, a greater awareness of environmental and health issues, and a growing demand for convenience.

Merchandising and Distribution

Canadian consumers are discriminating, and the largest demands are for high-quality products. Attractive styling and packaging is critical in selling many types of consumer goods. Buyers generally put a high priority on timely delivery and solid after-sales service. Extended warranties are common on consumer durables.

Canadians are exposed to a great deal of advertising: it used to be that brand-name loyalties had a large effect on consumer markets. Over the last several years, however, “no-name” generic brands have emerged as a powerful force, driven by discount retailers.

Distribution networks for consumer products are generally centralized. Traditionally, in the non-food retail sector, a handful of major national department store chains were dominant. But their market share has dwindled in recent years as discount and “big box” retailers have grown stronger. Specialty chains that focus on particular product lines such as hardware, consumer electronics, children’s toys or sporting goods have also gained market share.

THE NORTH AMERICAN MARKET

With a population approaching 400 million, and a combined gross domestic product (GDP) of roughly \$11 trillion, the North American market is one of the richest in the world. Under the North American Free Trade Agreement (NAFTA), companies based in Canada have preferred access to that market. The Canada-US Free Trade Agreement (FTA) went into effect on 1 January 1989, and all tariffs on goods crossing the Canada-US border will be eliminated by the end of 1998. Many of Mexico’s trade barriers were removed when the NAFTA was implemented on 1 January 1994. The rest will be phased out over ten years. In addition to lowering tariffs and other trade barriers, the NAFTA also provides “national treatment” for companies resident in all three countries when they invest or operate in each other’s territories.

These trade agreements have accelerated the integration of the North American economy. As a result, companies view it as a single market. Regional markets that span national boundaries are gradually superseding the three traditional national markets. North-south flows of goods are now larger than those moving east-to-west. Companies based in eastern and central Canada often view the northeastern American states as their primary market. Companies in Vancouver look southward to states such as Washington, Oregon and California.

Most of the American market is easily accessible. The majority of Canadians live in urban centres located within 100 kilometers of the United States, stretched along the world’s longest undefended border. More than 110 million American consumers reside within a day’s drive of southern Ontario. Montreal, Halifax and Moncton are within a day’s drive of New York, Boston and Philadelphia. Winnipeg is just 17 hours by road from Chicago and 8 hours from Minneapolis. Markets all along the Pacific Coast of the United States can be easily served from Vancouver.

Mexico is also more accessible than it first appears. Montreal is roughly the same distance from Mexico City as it is from Vancouver. Trucks from central Canada can often clear Mexican customs at Laredo, Texas, within three days of departure. Mexico’s newly privatized port system has also greatly improved container shipments on both coasts.

The Canadian, American and Mexican governments are actively cooperating to streamline the border-crossing process. Programs that use electronic data interchange (EDI), bar-coding technology and pre-clearance of goods are speeding up the release of shipments.

A HIGH QUALITY OF LIFE

Canada's outstanding quality of life is one of the many attractions for potential foreign investors. The standard of living is one of the highest in the world. The health care and education systems are advanced and accessible. The quality of housing, recreational and cultural facilities is superb. And Canada's major cities have a level of public safety that sets them dramatically apart from their counterparts elsewhere in North America. These are ideal conditions for attracting and retaining highly-qualified staff at all levels.

HOW OTHERS SEE CANADA

In several recent years, including 1997, the United Nations ranked Canada first among all countries on their Human Development Index. This is an aggregate measure of a country's quality of life based on composite indexes that include life expectancy, education and income.

Using a measure that assesses wealth and future potential, the World Bank ranks Canada second in terms of its resources, investment and social programs.

The Geneva-based Corporate Resources Group ranked Vancouver and Toronto as the second and fifth-best cities in the world in which to live in 1996. These results were based on a combination of indicators that measure the political and social environment, security, culture, health, education, public services, recreation, consumer goods, housing and the natural environment.

INCOME

Canada is one of the wealthiest countries in the world. In its 1997 international comparisons, the United Nations estimated Canada's 1994 per capita GDP at US \$21,459. This compared with \$26,397 in the United States and \$21,581 in Japan, the only two major industrialized nations with higher per capita incomes.

Almost two-thirds of Canadians own their homes, and half of all homeowners are mortgage-free. Virtually all Canadian households have a refrigerator, telephone, radio and colour television. More than 80 percent have a microwave oven,

clothes washer, and video cassette recorder. About 84 percent of households have at least one vehicle and 22 percent have more than one.

HEALTH CARE

Medicare, Canada's universal health care system, is completely accessible by all Canadians regardless of their financial means. The system covers the full cost of hospital stays, laboratory tests and visits to the doctor. As a result, Canada fares exceptionally well on all of the broad measures of health care system effectiveness. The rate of infant mortality, at 6.3 per thousand live births, is below that in the United States. Average life expectancy at birth is 79 years, higher than every country except Japan and Iceland.

EDUCATION

Education is one of Canada's top priorities, with expenditures totalling about 8 percent of GDP. The nation has the highest net enrollment in post-secondary education for the 18-to-21 year-old age group among all member countries of the OECD.

About 1.4 million students are enrolled in full- or part-time post-secondary studies. Forty percent of these are full-time university students. Every year, around 180,000 university degrees and 60,000 college diplomas are granted. In 1995, almost 50 percent of the population aged 15 and over held a post-secondary degree or diploma, a higher share than in the United States and more than double the rate of England and France.

PUBLIC SAFETY

Canadians enjoy a high level of public safety and the crime rate has fallen for four consecutive years. Violent crime is relatively rare and there is an especially low rate of random violence. Of the total number of Criminal Code offences reported in 1995, violent crimes represented only 11 percent. And 60 percent of these were assaults that did not involve a weapon or cause serious physical injury. In 1995, the homicide rate fell to its lowest level since 1969. The rate was about one-quarter of the homicide rate in the United States, and is largely due to strict gun control.

INDUSTRIAL MARKETS

Canadian markets for capital and industrial goods tend to be served by a small number of domestic manufacturers, all of whom face an array of foreign competitors. Canadian producers have rapidly increased their export orientation, but, at the same time, industrial customers have increased their import orientation. Between 1980

and 1996, Canadian manufacturers increased the proportion of output that they export from 25 to 60 percent. Over the same period, their share of the domestic market fell from 73 to 40 percent.

Because they serve a smaller domestic market, Canadian industries tend to be more concentrated than their

Canada's Top Manufacturing Industries, 1996

Percentage of manufacturing output

Industry group	Percentage
Transportation equipment	15.7
Food, beverages and tobacco	13.2
Electrical and electronics	12.6
Chemicals	7.9
Primary metal	7.7
Paper products	7.5
Fabricated metal products	6.3
Wood products	5.2
Textiles, leather and clothing	4.2
Printing and publishing	4.2
Rubber and plastics	3.8
Machinery	2.8
Furniture and fixtures	1.7
Other	7.2
Total	100.0

Source: Statistics Canada, *Gross Domestic Product by Industry*, Catalog 15-001-XPB, December 1996.

American counterparts. Canadian customers for a particular type of industrial machinery or equipment are likely to be clustered around two or three major cities. Industries such as steel, petroleum refining, mining/metals, pulp and paper, food processing, and banking are all dominated by a relatively small number of domestic producers. Competition is quite stiff in spite of this concentration because of strong antitrust laws, falling import barriers and rising import penetration.

GOVERNMENT MARKETS

The federal government is a major purchaser of goods and services, the bulk of which are procured through a transparent system of widely advertised procurements or public tenders. All contracts valued at \$25,000 or more are listed on MERX, an Internet-based procurement system, as well as in the magazine, Government Business Opportunities. MERX permits any supplier to match its capabilities against the government's requirements, ensuring that the system is fair and accessible. In addition, Public Works and Government Services Canada (PWGSC) advertises smaller purchases, ranging from \$20,000 to \$25,000, on a national basis. The department uses ISO standards for some of its purchases and is expected to expand this practice in the future.

The Centre for Supplier Promotion works to ensure that suppliers understand the Canadian government procurement process. It produces fact sheets and other information, and holds seminars for interested businesses across the country. Provincial governments have their own procurement systems, which generally follow the same principles of transparency and open competition.

INTERNATIONAL MARKETS

Few nations have a greater stake in the global economy. Canada was one of the original signatories of the General Agreement on Tariffs and Trade (GATT). It has been a consistent advocate of reduced trade barriers and open trading practices. Canada played a prominent role in the Uruguay Round of international trade negotiations and in the creation of the World Trade Organization (WTO). It has also pursued bilateral and regional trade agreements with other countries.

Canada and the United States implemented the Canada-US Free Trade Agreement (FTA) on 1 January 1989. Mexico effectively joined this agreement when the FTA was broadened into the North American Free Trade Agreement (NAFTA), which went into effect on 1 January 1994. In addition to bringing Mexico into the free trade area, the NAFTA also accelerated economic integration between Canada and the United States.

TEN REASONS TO INVEST IN CANADA

1. Hospitable business conditions.
2. An educated and highly-skilled work force.
3. Ready access to one of the world's richest markets.
4. A sophisticated and efficient infrastructure.
5. A solid research and development environment.
6. Low location-sensitive costs, especially for R&D-intensive industries.
7. Competitive wage and benefit costs.
8. World-class business services.
9. Abundant international business skills.
10. Healthy industrial relations.

In the NAFTA's first year, Canadian exports to the United States and Mexico increased by 22 and 31 percent, respectively. Over the following two years, ending in 1996, Canadian exports to its NAFTA partners grew by 21.3 percent to \$211.2 billion, while imports from those countries increased by 15.1 percent, to \$163.4 billion.

In 1997, Canada entered into bilateral free trade agreements with Chile and Israel. The Canada-Israel Free Trade

Agreement (CIFTA) immediately eliminated tariffs on virtually all industrial goods with a projected phase out of the remaining tariffs on certain textile and apparel products within two and a half years. The Canada-Chile Free Trade Agreement (CCFTA) is similar, except that some of the duties will be phased out over a longer period. The latter agreement is widely regarded as the first step in Chile's eventual accession to the NAFTA, and it provides Canadian companies with an early foothold in South America.

CHAPTER 3 – SUPPORTIVE GOVERNMENT POLICIES

Governments at both the federal and provincial levels have taken strong initiatives to enhance the business climate. As a result, Canada offers excellent conditions for the operation of virtually any business.

Government policies are designed to attract investors and promote business efficiency. The tax system includes incentives for investment in manufacturing equipment and research and development (R&D). There are few impediments to foreign investment, and the regulatory system is transparent and responsive to market forces. The federal and provincial governments provide assistance for R&D, technology diffusion, human resource development and access to foreign markets. Government funding of education and training has created a highly-competent, industrious and flexible work force. Deregulation and privatization policies have expanded and strengthened the nation's physical infrastructure. Access to venture capital is excellent, especially for high-technology companies.

Business visitors are always welcome and enjoy smooth clearance through immigration procedures. A special immigration program exists for investors who decide to make Canada their home.

HOSPITABLE REGULATORY POLICIES

Regulation of foreign investment is straightforward and designed to facilitate investment. Canada's policy is that it is "open for business." Direct investments from

World Trade Organization (WTO) signatory countries are subject to review only if they exceed \$172 million in 1997. Investments below that limit require simple notification to Industry Canada. Indirect investments are also subject only to notification requirements. Special limitations on foreign investment apply only to a handful of sensitive industries.

Canadian governments regulate several other aspects of the economy to protect consumers, investors and workers. All of these regulations are clear and consistent. They include product standards, financial disclosure by public companies, protection of the environment, labour practices and land use. Governments have moved decisively in recent years to ensure that these regulations are responsive to market forces.

A STABLE AND COMPETITIVE TAX SYSTEM

Canada's tax system reflects a balanced long-run strategy to promote economic growth and encourage investment in the country's future. It fosters a stable and competitive environment for all types of corporations. It encourages investment by offering special treatment for capital gains. And it stimulates the development of knowledge-based high-technology enterprises through the most generous R&D tax credit policies in the industrialized world.

Canada's business tax system is highly competitive relative to those of other industrialized nations. The majority of corporations pay lower rates than they

would in the United States. In 1996, combined federal/provincial corporate tax rates ranged from 15.6 percent to 46 percent, depending on the type of business and the source of income.

Canada's tax system is particularly favourable in its treatment of the gains from business activities that build the nation's long-run productive capacity. This includes special incentive rates of depreciation for certain classes of assets, as well as preferential tax rates on profits earned from manufacturing activities. The advantages are especially evident in sectors where foreign investors are most likely to concentrate their activities, such as high-technology manufacturing and processing.

These incentives provide a significant cost advantage and are available to any corporation performing R&D in Canada, including Canadian subsidiaries of foreign-based firms. In addition, foreign businesses contracting R&D to a Canadian firm can benefit from the lower costs of conducting R&D in Canada.

Canada has tax treaties with many other countries. It regularly negotiates new agreements to reduce the incidence of double taxation for businesses operating in both countries. In some cases, credits can be claimed for taxes paid in other jurisdictions. The tax treaties also reduce, and may even eliminate, Canada's 25 percent withholding tax on Canadian-source income, which applies to businesses resident in non-treaty countries.

ACCESS TO VENTURE CAPITAL

In 1996, venture capital providers invested a record \$1 billion in 526 companies, a sharp jump from \$616 million in 1995. Technology companies are the most popular sector for venture capital investment, accounting for 63 percent of recipients. This pace of investment is expected to continue. The venture capital industry has an inventory of \$2.2 billion of uninvested money, which is about one-third of the funds under management.

The federal government is supporting this trend with a new initiative called Technology Partnerships Canada. Under this program, Industry Canada will make \$250 million available to innovative high-technology industries.

BUSINESS SUPPORT PROGRAMS

The Government of Canada has a number of programs that support the development of international trade, work skills, investment and technology. These are offered through various federal departments and agencies. In addition, there are four federally-funded regional development programs that encourage economic development in Western Canada, Northern Ontario, Quebec and Atlantic Canada. A broad range of support programs is also offered by provincial, regional and local governments.

Companies have access to government-supported organizations that help industry take advantage of research advances at universities and government laboratories. This includes the national Networks of Centres of Excellence, and the National Research Council of Canada as well as government-university-industry collaborative organizations sponsored by provincial governments.

The federal government has programs to provide full or partial relief from payment of customs tariffs on certain goods. For example, the Machinery Program provides for relief of customs duties on certain machinery and equipment that are not available from Canadian manufacturers. Other programs assist Canadian-based companies when otherwise dutiable materials and components are used in the production of goods for export.

A number of job training and cooperative training programs help achieve a match between the skills of the work force and the needs of industry. These programs offer significant financial assistance to Canadian-based companies to train and re-train workers. Employers who participate in cooperative training programs, in which students spend part of their school year working with companies, have been especially pleased with the results.

AN EXTENSIVE AND WELL-MAINTAINED INFRASTRUCTURE

The sheer expanse of their national territory has challenged Canadians to develop a world-class infrastructure. Government initiatives were largely responsible for the initial development of these assets. But in recent years, policies of deregulation, privatization and commercialization have helped to expand and modernize the nation's infrastructure.

Sophisticated, cost-effective transportation and communication systems support continental and overseas trade. The nation's abundant energy resources are distributed across the country at competitive prices. R&D capabilities are world-class. This efficient, well-maintained infrastructure gives Canadian-based companies important competitive advantages in world markets.

In 1997, the *Global Competitiveness Report* published by the Swiss-based World Economic Forum ranked Canada first in the world for the quality and availability of its telephone system. Energy supply, energy cost and distribution networks were ranked second. Even after factoring in the relative disadvantage of its sprawling national territory, Canada's overall infrastructure was still ranked fourth in the world.

Other international comparisons support the conclusion that Canada's telecommunication system leads the world. In a seven-country comparison conducted by the California-based Mesa Research Group, Canada led the field in telecommunication quality and service penetration, and was second only to Singapore in terms of overall quality. Countries ranked below Canada in telecommunication quality included France, Germany, Japan, the United Kingdom and the United States.

A HIGHLY-EDUCATED WORK FORCE

Companies doing business in Canada have access to a highly qualified, well-educated, industrious and flexible work force. A sophisticated publicly-funded education system keeps in touch with the needs of employers

though a variety of cooperative programs. The nation's ethnically diverse population also gives companies access to employees with linguistic skills, knowledge of international business practices and contacts in other countries.

CANADA'S FEDERAL SYSTEM OF GOVERNMENT

Canada has a federal political system, consisting of a federal government and ten provincial governments. The fundamental division of powers between the two levels of government is set out in the *Constitution Act, 1982*. In practice, many separate agreements between the federal government and the provinces define who has responsibility for what. In some areas of business activity, such as corporate taxes and environmental regulations, the federal and provincial governments share responsibilities.

The federal government has primary responsibility in areas such as international trade and investment, immigration, banking, transportation, communications, criminal law, employment insurance, and health care. It levies income, consumption and excise taxes, as well as customs duties. In some areas of federal jurisdiction, the provinces handle the actual delivery of programs in accordance with national program standards. One example is health care. In other instances, the federal government may devolve some of its responsibilities to a province through a bilateral agreement, as in the case of immigration in Quebec. The federal government is also responsible for Canada's two northern territories, although some powers are gradually being transferred to territorial governments.

Canada's ten provinces have significant authority, including the right to levy income and consumption taxes. They have responsibility for education, motor vehicles and labour laws, and oversee natural resource and land use. Some of their laws, such as minimum wages, vary significantly from one province to another.

Municipal governments are empowered by provincial legislation. They are responsible for providing much of the infrastructure within cities and towns. For example, they construct and maintain roads and sewers, and provide community services such as policing and waste collection. Municipalities raise revenue mainly through property taxes. To rationalize the delivery of services and programs, adjacent municipalities may assign certain responsibilities to a regional government. From a business perspective, the municipal government is especially important for its role in zoning land for development purposes.

Canada has one of the world's highest levels of per capita enrollment in post-secondary education. Among G7 countries it is second only to the United States in the share of gross domestic product (GDP) devoted to public-sector funding of education. About 1.4 million students are enrolled and 40 percent of them are full-time university students. At the graduate level, enrollment in engineering and sciences accounts for almost half of the student body.

This commitment has paid off by placing Canada among the top ranks for its "knowledge workers." Almost 50 percent of the Canadian labour force has a post-secondary degree, diploma or certificate.

POSITIVE TRENDS IN LABOUR RELATIONS

Labour-management relations are stable and have improved markedly in recent years. Unions and management are working together in many industries to boost productivity, upgrade employee skills, and harness leading-edge process technologies. Business and union representatives participate in about 20 sector-specific human-resource councils with mandates to strengthen skills development. Partly because of this emphasis on cooperative labour-management relations, employee turnover rates are generally lower than in the United States.

The incidence of strikes and lockouts has declined dramatically in recent years. Over the ten years ending in 1995, the number of work stoppages per year fell by almost 60 percent. Partly due to effective mediation and conciliation services, the time lost due to work stoppages has dropped even further.

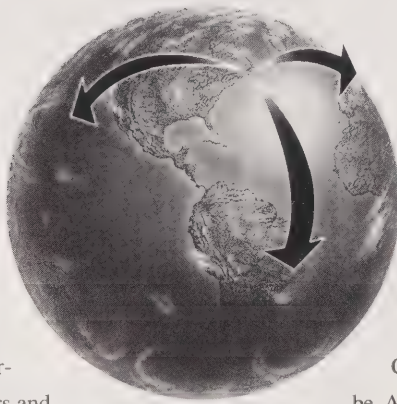
SIMPLE ACCESS FOR BUSINESS VISITORS

Visitors from other countries can easily enter Canada for temporary business trips. Under the NAFTA, citizens of the United States and Mexico need only proof of citizenship if they qualify as a business visitor, intra-company transferee, trader or investor, or professional. Visitors from outside North America do not need employment authorization for visits of less than 90 days. Visas are required only for citizens of a short list of countries which have been a source of claimants for refugee status. All visitors are subject to health and security laws. Subject to some limitations, visitors are permitted to bring gifts, personal items and business materials into Canada duty free.

In addition to standard immigration procedures, Canada has a special business immigration program designed to attract experienced business people who will create jobs and contribute to economic development.

The Atlantic Canada Opportunity

Atlantic Canada offers low business costs, access to global markets, top-quality infrastructure, technological innovation. . . and that's just for starters.



Atlantic Canada offers strategic advantages necessary to develop and deliver competitive products and services to the world. In fact, international innovators, investors and entrepreneurs continue to arrive in Atlantic Canada, taking advantage of the opportunities the region has to offer.

Consider the following: A recent study by KPMG Management Consulting comparing business costs in Atlantic Canada with those in the United States, Germany, Italy, France,

Sweden and the United Kingdom revealed that when it comes to "location-sensitive" costs, Atlantic Canada is where you should be. Atlantic Canada has an overall cost advantage of 7.9% over the U.S and 14.1% over Germany.

With its low costs, strategic location, skilled workforce and responsible government, is it any wonder that Atlantic Canada's businesses are competing and succeeding in the global economy?



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

Canada

Business Gateway

Strategically located, Atlantic Canada provides access to millions of consumers in world markets worth trillions of dollars.



MARKET ACCESS... Situated in the heart of the Atlantic Trading Rim, Atlantic Canada is strategically located for investment and trade and within deal-making distance of two of the world's great trading blocs: the European Union and the North American Free Trade Agreement (NAFTA). In fact, the region is within 1,000 kilometres of 75 million consumers living along the Eastern Seaboard of the United States; and it is closer to Europe than any other part of the continent by well over 1,000 kilometres. The NAFTA partners

alone (Mexico and the United States) provide a continental market of 386 million people with a combined Gross Domestic Product (GDP) of more than \$8.5 trillion (US).

EXPORTS... Exporting is part of the region's history. Since the NAFTA signing, Atlantic Canadian exports to the United States have grown by more than 62% and continue to grow. Atlantic Canada trades vigorously with the rest of the world as well.

The Atlantic Canada Opportunity

Business Infrastructure

From modern telecommunications to thriving R&D, Atlantic Canada's infrastructure for business is among the best in the world.



Atlantic Canada's transportation infrastructure delivers around the world.

TRANSPORTATION AND COMMUNICATION...

Atlantic Canada has reliable and efficient forms of transportation. The region offers year-round, ice-free ports; international air cargo routes and carriers; and high-speed, high-bulk land transportation systems. Furthermore, your business can benefit from intermodal innovations in the region, such as double-stack rail service and electronic data interchange inventory and control systems.

TELECOMMUNICATIONS... Atlantic Canada's telecommunications infrastructure is among the most technically advanced in the world – an effective tool for business growth and a driver of economic expansion into new and emerging sectors. The region's extensive digital and fibre-optic information pipelines have allowed many communities to become host to international call centres, telemarketing and aerospace companies.

EDUCATION... Atlantic Canada's well-educated, skilled and motivated workforce has long been an

important consideration for businesses starting up and expanding in the region. With more than 50 post-secondary institutions, Atlantic Canada enjoys the highest per capita concentration of universities and institutes of higher learning in Canada.

Companies in the region also benefit from a high percentage of workers who are fluent in both English and French.



World-class highways complete the transportation picture.



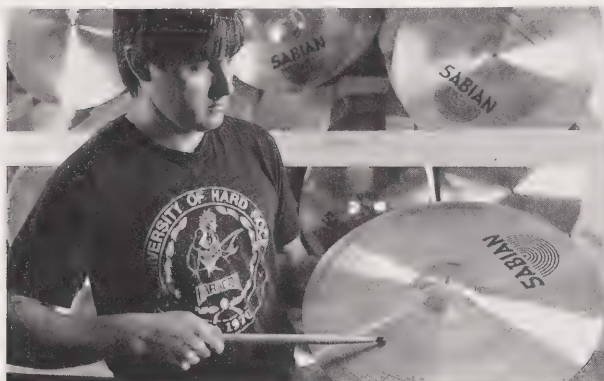
Students working at Daltech University

RESEARCH AND DEVELOPMENT...

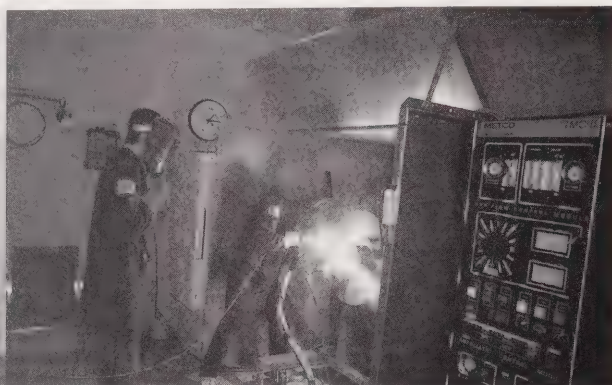
Atlantic Canada boasts two medical schools (Memorial University and Dalhousie University) and a Veterinary College at the University of Prince Edward Island; two National Research Council (NRC) facilities (the NRC Institute for Marine Dynamics in Newfoundland, and the NRC Institute for Marine Biosciences in Nova Scotia); and two productivity research facilities (InNOVAcorp in Nova Scotia, and the New Brunswick Research and Productivity Council). This R&D infrastructure closely links and encourages cooperation and technology transfer between government and businesses.

Investment Climate

Businesses in Atlantic Canada reap the rewards of cost competitiveness, a sound economy and healthy labour relations.



Cymbals made at Sabian Ltd., New Brunswick, are heard around the world.



Atlantic Turbines provides jet engine repair and overhaul services worldwide from Prince Edward Island.

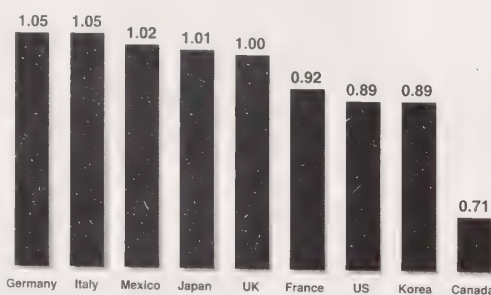
COMPETITIVENESS... Atlantic Canada is one of the lowest-cost locations for business. "*The Atlantic Canada Advantage*" is a study by KPMG Management Consulting which compares location-sensitive business costs for eight industries in Atlantic Canada, the United States, Germany, France, Italy, Sweden and the United Kingdom. The firm compared these industries on the basis of the cost of land and buildings, payrolls, utilities, transportation and telecommunications, as well as on the overall impact of municipal, provincial and federal tax regimes. The findings are clear:

- In all eight industries, overall costs are lower in Atlantic Canada.
- Location-sensitive costs are up to 14.1% lower in Atlantic Canada.
- Canada's system of R&D credits contributes even more to Atlantic Canada's advantage.

ECONOMY... With its secure and stable economy, inflation running below 2% and forecast to remain low, few countries can match Canada's strong business fundamentals. The business landscape is fertile with global opportunities. In Atlantic Canada, businesses and government have kept their collective eye trained on important

foundations of growth: strong and steady investment and a strong public sector commitment to remain fiscally responsible, while continuing to invest in a stronger infrastructure. Atlantic Canada's economy is expected to grow by 2.9% between 1998 and 2000.

Index of Relative Competitiveness of R&D Tax System*



* The lower the index, the more competitive the tax system.
Source (Web Site): strategis.ic.gc.ca

INVESTMENT... Given the region's stable economy, foreign interests are earning excellent returns on their investment in Atlantic Canada, which accounts for a healthy segment of the total foreign direct investment in Canada – now measured at more than \$180.4 billion.

The Atlantic Canada Opportunity

Regional Synergy

Atlantic Canada will provide the business support and partnerships that your business needs to succeed.



Production platform on site at the Hibernia oil field off Newfoundland. Recoverable barrels are estimated at 615 million.

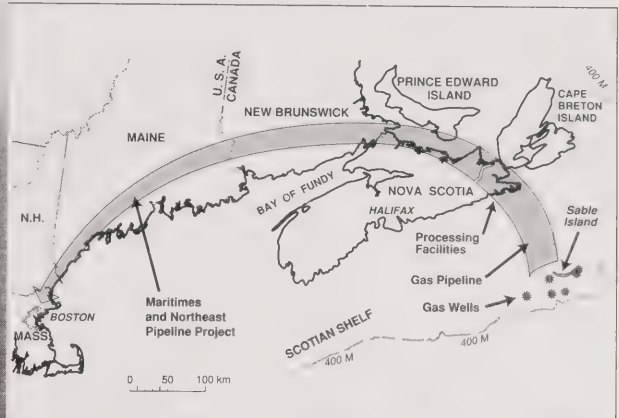


Illustration of Sable Island gas field and potential market. Recoverable gas is estimated at 142 billion cubic metres.

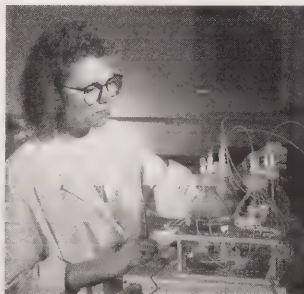
INDUSTRIAL CLUSTERS... The private sector, governments and the research and development community are working together to create opportunities for business success.

Powerful clusters of excellence are already drawing the attention of foreign investors to opportunities in Atlantic Canada.

The fields of information technology, food processing, aquaculture, ocean technology, geomatics, and medical devices and services are being supported by successful clusters of excellence. Together, these sectors represent a combined output of \$4.1 billion.

PARTNERSHIPS... Competitive pressures around the world are creating new alliances to increase cooperation and improve economies of scale. Atlantic Canada makes effective use of partnerships in business.

In the region, for example, improved working relationships between business and labour have helped produce, since 1986, a 15% increase in manufacturing productivity.



Research being conducted at Diagnostic Chemicals, Prince Edward Island.



Satellite components being assembled at Phase Atlantic, New Brunswick.

A good example of Atlantic partnerships in action is the public/private/government partnership in the recent completion of the 13-kilometre Confederation Bridge, linking Prince Edward Island to mainland Canada.

Another instance of partnership is the Canada-Israel Industrial Research and Development Foundation, a framework – involving ACOA, the National Research Council and Israeli high-tech companies – for creating business alliances between Atlantic Canada and Israel.

Quality of Life

In addition to cost competitiveness, Atlantic Canada can offer you and your workforce a superb quality of life.



Atlantic Canada has the warmest ocean waters north of the Carolinas. Cavendish Beach, Prince Edward Island is shown above.

QUALITY OF LIFE... The United Nations has consistently ranked Canada's quality of life as the best in the world, by virtue of its extensive social programs, low crime rate and superior educational system. Atlantic Canada offers the best of the best. The region enjoys the lowest cost-of-living index and residential real estate prices in the country; among the safest, cleanest and most attractive urban landscapes in North America; unspoiled wilderness; abundant recreational activities; and a multicultural heritage and tradition of ethnic tolerance that extends several generations into history.

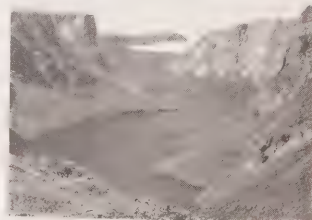
WORKFORCE... Atlantic Canada's workforce is as motivated as it is skilled. Much of the labour pool has been educated and trained at one or more of the many institutes of higher learning in Atlantic Canada. They demonstrate experience and skills in industries ranging from electronics, aerospace and software design, to health sciences, medicine and marine technology. Much of the labour force is bilingual (French and English).



The picturesque Cabot Trail, Cape Breton Island, Nova Scotia.



Hopewell Cape Rocks, New Brunswick – one of the world's unique vistas.



Gros Morne National Park's spectacular fjords, Newfoundland.

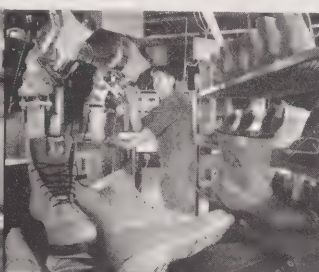
The Atlantic Canada Opportunity

History of Success

*History speaks for itself. Long-term success stories have become the tradition...
Volvo Canada, McCain Foods, Michelin...*



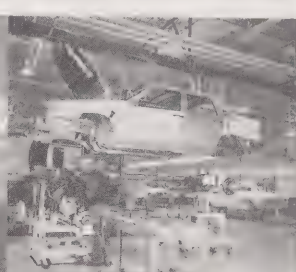
Producing competitive, quality wood products at The Wood Science and Technology Centre, New Brunswick.



Boots being made at Terra Nova Shoes Ltd., Newfoundland.



Confederation Bridge, Prince Edward Island – 96% of the workforce was from Atlantic Canada.



Volvo assembly plant producing world-renowned cars in Nova Scotia since 1963.

NEW BRUNSWICK... Once known principally for its natural resources, New Brunswick is rapidly becoming known as one of the most technologically-friendly locations in North America. The province's state-of-the-art telecommunications infrastructure features leading-edge fibre optics, advanced digital switching and mobile technology, making New Brunswick an increasingly popular choice as a North American location for international business. United Parcel Service (UPS), IBM Canada, Federal Express, Phase Atlantic, Purolator Courier, Dun & Bradstreet Canada, Air Canada and Delta Hotels & Resorts are among many companies that have chosen New Brunswick as a place to set up shop in recent years.

PRINCE EDWARD ISLAND... The Island economy – supported principally by agriculture, tourism, and fishing – is finding growing promise in food-based manufacturing. At the same time, tourism remains a significant contributor to the provincial economy, with some 781,000 tourists spending \$175 million in 1996. Completion of the 13-kilometre Confederation Bridge will stimulate growth in this sector; by year 2000, one million tourists are expected to visit Prince Edward Island annually. Other growth sectors include diversified manufacturing, food processing, aerospace, and information technology. The Island economy is also diversifying into light industries, such as metal fabricating, optical specialties and electronics.

NOVA SCOTIA... Investment growth in Nova Scotia is expected to be among the highest in Canada over the next three years, led by a \$650 million expansion at Stora Forest Products, a \$113 million highway project, and the development of six natural gas fields near Sable Island. Meanwhile, Nova Scotia's economy is steadily diversifying from its traditional resource base (fishing, forestry, mining and agriculture) into services, and manufacturing (auto assembly, tires, electronics). Growth sectors include manufacturing, fishing (new species) and minerals (Sable Island projects).

NEWFOUNDLAND AND LABRADOR... The economy of Newfoundland and Labrador has undergone a major transformation in recent years. Building on traditional resource industry strengths (offshore oil, mining, forestry and fisheries), Newfoundland has marched forward into the Information Age. Now, with more than 430 firms in the advanced technology sector – employing about 6,400 people and generating annual revenues of about \$470 million – the province boasts the second-highest per capita penetration of fibre optics in Canada, and some of the world's leading companies in wireless communications, offshore surveillance, remote sensing and electronic chart technology. Growth sectors include mining and offshore oil, the fishery, ocean technology and tourism.

Open For Business

The Atlantic Canada Opportunities Agency (ACOA) is the Government of Canada department responsible for promoting economic development efforts in cooperation with Atlantic Canadians throughout the region.



For more information on business opportunities in Atlantic Canada, contact:

ACOA Head Office

Telephone: (506) 851-2271

Fax: (506) 851-7403

ACOA New Brunswick

Telephone: (506) 452-3184

Fax: (506) 452-3285

ACOA Newfoundland

Telephone: (709) 772-2751

Fax: (709) 772-2712

ACOA Nova Scotia

Telephone: (902) 426-6743

Fax: (902) 426-2054

ACOA Prince Edward Island

Telephone: (902) 566-7492

Fax: (902) 566-7098

Enterprise Cape Breton Corporation

Telephone: (902) 564-3600

Fax: (902) 564-3825

ACOA Ottawa

Telephone: (613) 954-2422

Fax: (613) 954-0429

Web Site: www.acoa.ca

Photo Credits:

Canadian National Railways

CHC Helicopter Corporation

Department of Industry, Trade and Technology –
Newfoundland & Labrador

Enterprise Cape Breton Corporation

Halifax Port Corporation

Hibernia Management and Development Corporation

New Brunswick Department of Economic
Development and Tourism

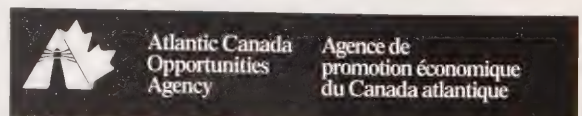
Newfoundland Tourism

Nova Scotia Department of Natural Resources

Nova Scotia Government – Information Services

Volvo Canada Ltd.

Wood Science and Technology Centre,
University of New Brunswick



Canada

Your Business **SOLUTION** is in site



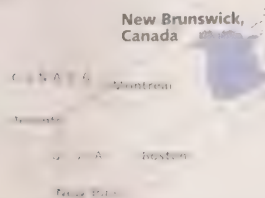
New Brunswick

When it comes to boosting profit and cutting costs, our people can help your company manufacture success:

- ▶ *we will give you an experienced, available, stable, and productive labor force*
- ▶ *we will put 75 million Canadian and American consumers at your doorstep*
- ▶ *we will give you lower electricity rates, rental rates, real estate costs, fringe benefit costs, taxation and no payroll tax*

We will prove New Brunswick will work for you.

Call today for your FREE comparative cost analysis.



Just call us. First.
New Brunswick
C·A·N·A·D·A

1-506-444-4292

e-mail: nbradeinv@gov.nb.ca
<http://www.gov.nb.ca/nbfirst>

SECTION 2 – THE BUSINESS AND INVESTMENT ENVIRONMENT

A country's laws, regulations and political climate work together to create the environment within which business enterprises operate. Canada's governments have worked together to create a highly favourable atmosphere, where international businesses can flourish.

Canada has an open, fair and efficient system of making and administering its laws. Grounded in a federal parliamentary democracy and limited by a constitutional Charter of Human Rights and Freedoms, the rule of law is given the greatest respect. Canada has created its own way of according respect to individual rights and freedoms while vesting powers in government to govern efficiently.

Canadian commercial laws have been greatly influenced by those of England and the United States. They are generally consistent with those in other major trading nations. The common law of contract and tort in Canada is administered through a civil court system that encourages early settlement of disputes. This pressure to reach a satisfactory business result can be contrasted with the higher incidence of time-consuming and expensive litigation in the United States. The results to be expected from using the Canadian legal system are relatively predictable and give certainty to business transactions.

From its earliest days, Canada has been dependent on foreign investment. But it also needed strong public intervention to tie the diverse nation together and shape its infrastructure. Like all advanced countries, Canada has laws to protect consumers, investors, workers, inventors and the environment.

As the economy has matured, however, public intervention has become less necessary. Canada's governments have moved to reduce their size and design alternative systems to deliver public services. They have found more efficient ways to accomplish their regulatory objectives. Over the past decade, most restrictions on foreign investment have been eliminated and many other business regulations have been liberalized. The business tax system has been improved. Key sectors such as transportation, energy, communications and financial services have been deregulated, and many government-owned corporations have been privatized.

In fact, virtually all government activities have been adapted to respect the concerns of business and to respond to market forces. The result is a business and investment environment that many foreign companies consider one of the most hospitable in the world.



**There's more to
Pictou County than
sandy beaches
and a relaxed
Maritime lifestyle**

Pictou County, Nova Scotia, Canada



When it comes to business, it isn't Maritime charm that makes Pictou County one of Atlantic Canada's most enterprising and exciting locations! A solid core of businesses have succeeded to prosper and compete internationally due to ingenuity, a skilled workforce, excellent access to world markets, and highly competitive operating costs. To find out how you can take advantage of the many opportunities and incentive programs available in Pictou County, contact us today:



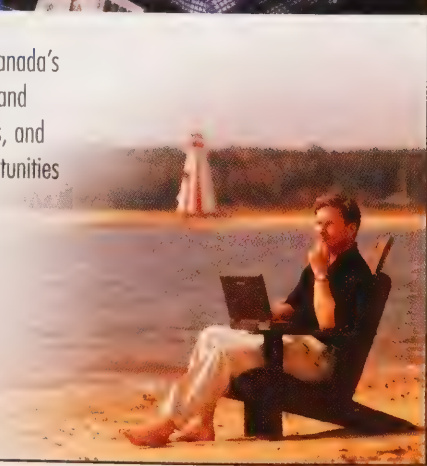
Pictou Regional Development Commission

P.O. Box 454, New Glasgow, Nova Scotia, Canada B2H 5E5

Tel: (902) 752-6159 • Fax: (902) 755-2722

e-mail: prdc@fox.nstn.ca Visit our website: www.prdc.com

Call Toll Free in North America 1-888-412-0072



CHAPTER 4 – INVESTMENT POLICY

The Government of Canada is committed to promoting the continued development of leading-edge industries. In pursuit of this goal, it actively promotes investment and encourages the transfer of technology and business know-how. The government recognizes that fostering initiative and entrepreneurship is the most effective way to stimulate economic growth and create long-term high-quality jobs. This understanding of the vital role of investment and innovation in the economy is bolstered by continuous consultation with business leaders. Regular discussions with the provincial and territorial governments help to ensure that all levels of government provide consistent incentives.

REGULATION OF FOREIGN INVESTMENT

Like most countries with high levels of foreign investment, Canada has traditionally regulated the larger transactions. The preferred mechanism has been a review process designed to ensure that large investments were in the national interest. As the economy grew more sophisticated, and the sources of investment became more diversified, tight control over capital inflows was no longer considered necessary. In 1985, Canada declared itself “open for business” with the enactment of the *Investment Canada Act*.

INVESTMENT CANADA ACT

This act encourages and facilitates investment from both domestic and international sources. The thresholds

for review have been raised so that most foreign investments in Canada are not subject to review. In the majority of cases, investors need only provide notification of the transaction. Nonetheless, the requirement for a review by a government body has been retained in some instances. A few sensitive sectors are subject to additional regulations, either through special provisions of the *Investment Canada Act*, or under other federal laws.

Investments to acquire securities or assets not related to a business, or holdings in related businesses, are specifically exempted from both the review and notification regulations. For the majority of non-exempt foreign investments, the act requires only that notification be provided to Industry Canada within 30 days of the transaction. For transactions above certain thresholds, Industry Canada must review the proposed investment and determine that it is of “net benefit” to Canada. Industry Canada officials have 45 days to make an initial recommendation to the minister, who makes the final decision.

The review thresholds fall into three categories:

1. thresholds applying to investors from World Trade Organization (WTO) signatory countries;
2. thresholds applying to certain sensitive sectors; and
3. thresholds applying to all other investments.

General thresholds apply to investors from non-WTO countries. Direct acquisition of a controlling interest in

Special Limitations on Foreign Investment

Sector/Activity	Description of Limitations
Banking	No single entity can own more than 10 percent of shares in a Schedule 1 bank.*
Broadcasting	Foreign ownership in broadcasting facilities, including television stations, radio stations, cable systems and networks, is limited to 20 percent.
Fishing	Canadian fish-processing companies with more than 49 percent foreign ownership are not permitted to hold commercial fishing licences.
Uranium	Foreign ownership of uranium mining and processing projects is limited to 49 percent. Exceptions are permitted if effective control is Canadian.
Telecommunications	Direct foreign ownership is limited to 33 1/3 percent for holding companies which control subsidiaries that are common carriers. For common carriers — firms that provide telecommunication services on facilities they own (e.g., a firm that provides basic telecommunications such as local telephone service on its own facilities) — the limit is 20 percent. There are no restrictions on foreign ownership for firms providing “value-added” or “enhanced” services on leased facilities (e.g., electronic data transfer or long distance telephone services by a firm leasing facilities).
Transportation	Foreign ownership is limited to 25 percent in air transportation. Maritime cabotage is restricted to Canadian flag vessels, although there is no foreign ownership restriction on such vessels. Cabotage for bus and truck transport is reserved for Canadian drivers. However, foreign-owned companies operate in Canada by hiring such drivers.

* Schedule 1 banks are those that have to conform to ownership restrictions as defined by the *Bank Act*.

a Canadian business with assets of less than \$5 million is not reviewed. If the acquisition of a controlling interest in a Canadian company occurs indirectly through the acquisition of a foreign parent, the threshold is higher. In that case, no review is required unless the assets exceed \$50 million or half of the global value of the assets included in the transaction.

The regulations are much more liberal for investors from World Trade Organization (WTO) signatory countries. As part of Canada's commitments under the WTO, the thresholds for acquisitions have been raised. For 1997, the review threshold for direct acquisitions is \$172 million, and this amount is adjusted annually. Indirect acquisitions require only notification, regardless of their size. As of early 1997, 129 countries were signatories to the WTO and 31 others had applied.

SENSITIVE SECTORS

In spite of these very open policies, there are a few sectors where the Government of Canada reviews investments more closely or sets special limits on the level of foreign ownership. The *Investment Canada Act* gives special treatment to four sectors: financial services, transportation, uranium and the cultural industries. In these cases the general thresholds of \$5 million for direct acquisitions and \$50 million for indirect acquisitions apply even to WTO investors.

Because of their role in defining Canada's unique character, the cultural industries are considered especially sensitive. They include, for example, the creation and distribution of books and films, as well as sound recording. Generally, all foreign acquisitions and investments to establish new businesses in the cultural industries are

subject to review under the *Investment Canada Act*. In some cases, provincial regulations also apply.

In addition, other federal legislation sets specific limits on foreign ownership in banking, broadcasting, fishing, uranium, telecommunications and transportation. These specific limitations do not apply to nationals of the NAFTA countries.

PROVINCIAL INVESTMENT RESTRICTIONS

All Canadian provinces welcome foreign investment. But, as does the federal government, some have taken precautions to protect sensitive sectors. For example, some impose special taxes on the acquisition of agricultural land. Others have specific legislation covering cultural activities such as book publishing.

INVESTORS FROM THE NAFTA COUNTRIES

Investors from the United States and Mexico are entitled to “national treatment” under the North American Free Trade Agreement (NAFTA). Any company incorporated in a NAFTA country, regardless of its ownership, is entitled to the benefits of this provision.

TRADE-RELATED INVESTMENT MEASURES (TRIMS)

Canada adheres to the Agreement on Trade-Related Investment Measures (TRIMS), which restricts governments from placing conditions on investment that would restrict or distort trade. For example, policies that would require a business to use products of domestic origin must be eliminated within a defined time frame.

REMITTANCE OF FUNDS

Canada does not restrict the repatriation of investment or profits by foreign investors. Canadian dollars are freely convertible into American or other currencies.

Withholding taxes are applied to certain payments to non-residents. This includes dividends, interest, salaries, and bonuses as well as fees for services rendered in Canada, including commissions. The general rate of withholding is 25 percent, but this is reduced to 15, 10, 5 or 0 percent under various bilateral tax treaties. There are exemptions from withholding tax for interest on some government bonds and certain corporate bonds.

Sarnia-Lambton...



Discover how well Sarnia-Lambton can meet all of your business and lifestyle needs. We offer everything you could expect of a progressive business community with a quality of life that is second to none in Canada.



Sarnia-Lambton

For more information contact George Mallay of the Sarnia-Lambton Office of Economic Development. Our toll free number from North America is:

1-800-972-7642

or call **519-332-1820**

or fax **519-332-1686**

E-Mail: ecdev@sarnia.com

World Wide Web:

www.sarnialambton.on.ca/edo

A new study by KPMG Consulting, one of North America's premier consulting companies, confirms what local industries already know. Sarnia-Lambton is the lowest-cost city in which to locate a manufacturing facility, compared to several U.S. and Southern Ontario cities. For instance, Sarnia-Lambton has a 5.7 per cent total cost advantage over its nearest American rival, Columbus, Ohio. And across the St. Clair River, Port Huron, Michigan has annual labor costs 16.9 per cent higher than Sarnia-Lambton.

"The study shows that Sarnia-Lambton is truly a great place in which to do business," says George Mallay, general manager of the Sarnia-Lambton Office of Economic Development. "What is surprising is that some international companies still aren't fully aware of how much Sarnia-Lambton offers in terms of location, skills, competitive labor costs, technology, educational facilities and lifestyle. We are providing location solutions for a wide variety of international industries."

Public and private sectors of the community have joined forces to ensure that Sarnia-Lambton

FACTS ABOUT SARNIA-LAMBTON

Population: 129,000

Labor force: 67,000 (250,000 within 95-km radius)

Fully Serviced Industrial Land:

Starting at \$5,000 per acre

Class A Office Space: \$10.00 per sq. ft. all inclusive

Average Cost Industrial Space:

\$3.00 per sq. ft. plus operation

Value of Building Permits: \$83 million (1996)

Average House Price: \$91,813

(1996 Royal LePage survey)

Senior Executive House Price: \$210,000

(1996 Royal LePage survey)

continues to be a great place for your business to invest its future. The Sarnia-Lambton Council for Economic Renewal is comprised of a blue-ribbon panel of leaders representing business and labor, as well as local, provincial and federal governments.

Mallay points to the fact that the border community is strategically located on the NAFTA superhighway, linking Canada, the U.S. and Mexico. Intersected by an array of highway, water, rail and air routes, Sarnia-Lambton is only an hour's drive from Detroit, three hours from Toronto and within a day's drive from half of North America's population.



ON THE MOVE

When it comes to transportation, there is nothing we can't handle. An estimated \$11.2 billion worth of exports pass through this region annually.

Sarnia's major road, Highway 402, runs eastward from the Michigan-Ontario border and joins Highway 401, the freeway linking Detroit and Montreal. To the west, 402 connects with Michigan's Interstate 94/69/75 network via the international Blue Water Bridge.

Railways link Sarnia-Lambton directly with Toronto, Detroit and Chicago and a \$200-million railway tunnel under the St. Clair River handles double-stack containers. Daily flights to Toronto and Detroit are available from Sarnia-Lambton's airport and Detroit International Airport is just an hour away.

INDUSTRIAL STRENGTH

Sarnia-Lambton's economy is becoming increasingly diversified and offers international expertise in a number of industries. For example, engineering and fabrication skills are top quality in Sarnia-Lambton. These skills are utilized by firms around the world

One of Canada's 5 Best Cities for Export

(Globe & Mail Report on Business Magazine)



operating chemical plants, pulp and paper mills, waste water treatment facilities, automotive plants and breweries. Engineering firms also have expertise in civil and structural construction specialties.

Sarnia-Lambton is building a distinct industrial service sector in planning, designing, building and monitoring systems to protect the environment. There are specialized services in waste control, spill protection products, environmental engineering, waste water treatment and contaminated site remediation. There are also specialized services for energy efficiency, recycling and resource substitution.



For many decades, Sarnia-Lambton has been a national and international leader in the production of chemicals, synthetic rubber and a variety of oil-based products. Well-known multinational firms such as Dow Chemical, Imperial Oil, Bayer Inc. and Shell are all part of an \$8 billion petrochemical and refined petroleum products sector. Specialized support skills have been

perfected in engineering, plant construction, maintenance and pipeline operations.

Sarnia-Lambton is well positioned for automotive assembly and autoparts manufacturing. Over a dozen automotive assembly plants are located within less than a three-hour drive.

Lambton County is also a major agricultural region with opportunities for food processing. There are more than 2,600 farming operations and the production value exceeds \$228 million annually.

HIGH-LEVEL SKILLS

Sarnia-Lambton is ideally suited to meet the needs of the information technology, autoparts manufacturing, metal fabrication, plastics, rubber and environmental industries, to name just a few. There is a skilled labor force of 250,000 within a 95-kilometre radius. About 17,000 people work in approximately 700 industrial firms, with 12,800 employed in manufacturing.

More than half of Sarnia-Lambton's workers have post-secondary education. More residents (75 per cent) have completed some or all of high school, trades, or other education compared to the rest of Ontario (66 per cent).

Lambton College of Applied Arts and Technology is one of only four locations in Canada to offer the new Information Technology Professional Program developed in cooperation with the national organization, The Software Human Resources

Council and with Microsoft. The college is also the first educational site in North America to offer training



in Systems Applications and Products (SAP), a software program for teaching systems applications. More than 40 post-secondary programs are offered and the college has strong ties to local industries. Co-op programs include chemical products engineering, mechanical engineering, industrial hygiene, instrumentation and control engineering and environmental technology. Agreements with the University of Windsor and University of Western Ontario make their courses available locally and Wilfrid Laurier University offers its MBA program through the college.

BEYOND WORK

Sarnia-Lambton is renowned for a quality of life that is unmatched by most regions of Canada. The waterfront stretches for miles from the core area of Sarnia. Beautiful beaches, sailing and water sports on Lake Huron help to make tourism the region's third largest industry. Sarnia-Lambton enjoys significantly milder weather than other communities, often with little or no snow.

This is a modern community, with excellent schools, fine restaurants, great shopping, low housing costs and a much lower crime rate than you'll find in other cities of similar size in North America. A new theatre, new arena complex, new YMCA, modern hospitals and one of the highest number of golf courses per capita in Ontario are here for you in Sarnia-Lambton.

And when it's time to go to work, a typical commute takes only about 10 minutes!



CHAPTER 5 — ESTABLISHING A BUSINESS

The Canadian legal system provides several alternative vehicles for setting up a business. Foreign companies can operate directly through a branch office or set up a Canadian subsidiary. Corporations are the most common business entity, but sole proprietorships and partnerships can also be used to accomplish similar objectives. Joint ventures, franchises and cooperatives are less common, but appropriate for some types of enterprise. Tax considerations and liability are usually the most important issues when selecting from these alternatives.

CANADIAN CORPORATIONS

A corporation is an entity with legal status independent of its shareholders. Companies formed by foreign investment are usually created by incorporation under the *Canada Business Corporations Act* (CBCA) or under equivalent provincial laws. Some types of corporations can be formed under other federal legislation, such as the *Trust and Loans Companies Act*. Both the federal parliament and provincial legislatures can also form corporations by special acts.

A corporation can be created by individuals or other corporations. A “public” corporation is one whose shares or securities are issued to the public. A “private” corporation may not have more than 50 shareholders and there are restrictions on its ability to transfer and offer shares.

A corporation created under federal law may operate in any province, subject to the general laws of each jurisdiction. A corporation established under the laws of one province must be registered or licensed by each additional province where it wishes to conduct business.

A federal corporation is created by filing the Articles of Incorporation under the *Canada Business Corporations Act*. There is a flat fee of \$500. Provincial incorporations are similar, although the fees usually vary depending on the size of the corporation. The articles must include details on the rights, restrictions, privileges and conditions attached to each class of share. Corporations may have any number of shares of one or more classes but at least one must have full voting rights.

A federal corporation’s articles must also name the first directors, a majority of whom must be Canadian. While the directors generally exercise management authority on behalf of the shareholders, their power can be restricted through a unanimous shareholder agreement. The company, shareholders or third parties can hold them personally liable for certain aspects of their decisions.

A provincial incorporation is usually preferable when a company intends to restrict its activities to one province. The provincial acts governing companies vary somewhat, but their provisions are generally similar to those of the

CBCA. The principal exception is the province of Quebec, where legal traditions are based on civil as opposed to common law.

BRANCHES OF FOREIGN CORPORATIONS

While most foreign investors incorporate Canadian subsidiaries, a foreign company can elect to carry on a business in Canada directly, through a branch operation. The branch must be licensed or registered in each of the provinces where it will operate. The taxation of branches and subsidiaries varies considerably, and differences exist in the liability of parent companies. Professional tax and legal advice should be understood before a commitment is made.

SOLE PROPRIETORSHIP

A sole proprietorship is a business owned by one person. The owner is entitled to all profits and is personally liable for all of the business' debts. This liability can be limited by contract or covered by insurance.

There is no registration requirement for sole proprietorships which operate under their owner's own name. Nonetheless, in some jurisdictions an operating licence may still be required for certain types of business. If the business will operate under some other name, such as by adding "and Company" to the owner's name, a declaration must be filed in the province or territory in which the business operates. Sole proprietorships do not require audits, but adequate financial records must be kept.

PARTNERSHIPS

A partnership is a business owned by two or more individuals or corporations, based on a contract between them. Partnerships are governed by provincial legislation and can be registered with provincial or territorial authorities. There are two types of partnership: *general* and *limited*.

In a general partnership, all partners are treated as a unit and are subject to unlimited liability. The partners have an equal claim on capital and profits, but they are also

equally responsible for any losses, unless they agree otherwise.

A limited partnership consists of both general and limited partners. One or more general partners are responsible for managing the business. One or more limited partners contribute capital, and may work for the firm, but do not participate in its management. Unlike the general counterparts, limited partners are not exposed to unlimited liability, unless they take part in control of the business.

JOINT VENTURES

A joint venture is an association of two or more business entities for the purpose of carrying on a single enterprise or specific venture. Joint ventures take several forms. They can be set up as a separate corporation, a general or limited partnership, or the partners can simply jointly own business assets. Joint ventures between Canadian and foreign companies are an excellent vehicle for combining the strengths of the participating firms, while reducing the risk of taking on new markets.

FRANCHISES

A franchise is a business relationship where a *franchisee* contracts for the right to sell proprietary products using business styles and methods developed by the *franchisor*. The franchisee generally agrees to comply with performance standards set by the franchisor. In return, the franchisee normally pays an up-front fee as well as ongoing royalties.

A simple franchise agreement typically gives the franchisee the right to operate a single outlet at a specified location. A master franchise agreement generally provides for multiple outlets within a specified area.

All franchises must comply with federal competition and trademark legislation as well as any provincial legislation governing businesses generally. Alberta is the only province that has specific legislation dealing with franchising.

CHAPTER 6 – OPERATING A BUSINESS

Operating a business in Canada is straightforward. Running it effectively requires an understanding of the culture and laws that shape the Canadian business environment. Each of them affects business practices in some way.

EXPORTING AND IMPORTING

A foreign company that establishes an operation in Canada is likely to import and export goods or services. Many foreign investors are attracted by Canada's ready access to the entire North American market, under the North American Free Trade Agreement (NAFTA). Tariffs and other restrictions on trade have been eliminated or are being phased out for virtually all goods traded between Canada, the United States and Mexico. The implementation of the Canada-Chile Free Trade Agreement (CCFTA) on 5 July 1997 now offers Canadian-based businesses a foothold in South America. Many observers believe that the CCFTA is only the first step in a broad process of hemispheric integration that will expand markets even further.

Imports from non-NAFTA countries, and of products for which duties are not fully phased out under the NAFTA, may be subject to customs duties under the *Customs Act* and Customs Tariff. The applicable rate is assessed according to both the tariff classification of the good and the country of origin. Canada uses the transaction-based international customs valuation system, except in special cases where alternative valuation meth-

ods are provided. To clear customs, imported goods must include appropriate documentation. Information is available from the Customs Branch of Revenue Canada.

DUTY REMISSION

Businesses established in Canada, for the primary purpose of exporting, benefit from a number of federal government duty-relief programs. They are designed to assist Canadian companies using dutiable materials and components in the production of goods for export.

There are also several conditional duty remission programs available to manufacturers. The Duty Deferral Program, the Duty Drawback Program and the Machinery Program are of special interest to foreign investors. The latter program provides for relief of customs duties on certain machinery and equipment not available from Canadian manufacturers.

ANTI-DUMPING AND COUNTERVAILING DUTIES

Canada's *Special Import Measures Act* protects Canadian manufacturers from unfair competition from abroad. Canadian producers who believe that they are being harmed by dumping or subsidized imports may file a complaint with Revenue Canada. If an investigation concludes that the goods were dumped or subsidized, the Canadian International Trade Tribunal will render a final decision. This can result in the imposition of an anti-dumping or countervailing duty.

PERMITS

Certain types of goods require permits before they can be exported or imported. Most are strategic goods, identified in Canada's Export Control List, destined for countries other than the United States. Exporters must also obtain permits for all exports to destinations identified in Canada's Area Control List. Further information is available from Revenue Canada.

COMPETITION

Canada, like other advanced industrialized countries, encourages free and fair competition. Accordingly, the *Competition Act* protects businesses from restrictive trade practices and other unfair actions of competitors. The act deals with both criminal and non-criminal practices. Criminal behavior includes conspiracy, bid-rigging, price discrimination and misleading advertising. Non-criminal actions covered by the act include mergers and restrictive trade practices.

Criminal charges are handled in the regular criminal courts. The Competition Tribunal deals with civil aspects of the law. Canada's civil courts handle relatively few competition issues, especially when compared with those in the United States. This reflects Canada's less litigious legal environment.

MERGERS

Mergers that substantially lessen competition may be prohibited by order of the Competition Tribunal. In making this determination, the tribunal considers several aspects of the proposed merger. They include the effect on foreign competition, availability of substitute products, barriers to market entry, and the possible failure of one of the merger partners.

In general, mergers are permitted when it can be shown that efficiency gains will offset the effects of reduced competition. Joint ventures formed for specific research and development programs are also usually permitted.

ABUSE OF DOMINANT POSITION

The *Competition Act* includes provisions that restrict the ability of individuals or firms with a dominant market position to engage in anti-competitive acts. The act seeks to define the boundary between productive behaviour and abuse of market power. Such abuse might include, for example, vertically integrating scarce facilities or resources required by competitors. Other examples include buying products to prevent a reduction in price or specifying that a supplier can sell only to certain customers.

AGREEMENT TO LESSEN COMPETITION

An agreement or arrangement between two parties to unduly lessen competition in any phase of the production and delivery of products is unlawful. Prohibited actions include bid-rigging, foreign directives and "off-shore" conspiracies carried out in Canada.

PRICE RESTRAINTS

Under the *Competition Act*, suppliers and others in a position to control a market are prohibited from attempting to influence the final price charged by resellers. In particular, they cannot refuse to supply a purchaser because of the purchaser's low-pricing policy or discriminate on the basis of geographic location. To restrict predatory pricing, it is also considered unlawful to sell goods and services at an unreasonably low price.

ACCOUNTING AND AUDIT PRACTICES

The federal and provincial securities authorities impose certain financial disclosure requirements on public corporations, which are those offering shares to the public. Privately owned companies are not required to disclose financial information to the public. All companies incorporated under the *Canada Business Corporations Act* (CBCA), including private corporations, must file financial statements with Industry Canada's Corporations Directorate.

Several basic financial statements must be included in a company's annual report. This includes a balance sheet, an income statement, a statement of retained earnings, a statement of changes in financial position, and notes. Financial statements must be prepared in accordance with generally accepted accounting principles, which are set out in the handbook of the Canadian Institute of Chartered Accountants. The standards and practices listed in the handbook were derived from procedures used in the United States and the United Kingdom.

Under the federal CBCA and most of the corresponding provincial acts, corporations are required to maintain additional records. These include a registry of shareholders, minutes of directors' and shareholders' meetings, resolutions of shareholders, articles of incorporation, and accounting records.

The CBCA stipulates that shareholders of the corporation must appoint an independent auditor at each annual shareholders' meeting. The auditor is required to state whether the financial statements fairly represent the business' financial position, and whether they are in accordance with generally accepted accounting principles.

ACCOUNTS RECEIVABLE

Terms of payment for goods and services are negotiable between the buyer and the seller. Accounts for many products or services are payable on delivery, but, for commercial accounts, terms of 30, 60 or even 90 days are common. Interest is applied to most overdue bills. Payment of overdue accounts can be pursued through the courts, or the account may be sold to a debt collection agency.

CHAPTER 7 – TAXATION

Taxes are imposed on individuals and corporations in Canada by three levels of government.

- The federal government collects income tax, capital tax, excise tax, customs duties and a consumption tax.
- Each of Canada's ten provinces can impose income tax, retail sales tax, capital tax, payroll taxes and various charges for the use of natural resources. The types of taxes collected, and their rates, vary from province to province.
- Municipalities levy property taxes.

In spite of the complexities arising from three layers of taxation, the system is predictable and stable. It allows considerable flexibility for business tax planning.

Residency is a key factor determining whether individuals and corporations are taxable in Canada. In general, residents are taxed on their world income, while non-residents are taxed only on their Canadian-source income.

This chapter provides only a general guide to the Canadian tax system. Professional tax advice should always be sought before committing to investment decisions.

CORPORATIONS

Companies incorporated in Canada, as well as those foreign corporations where central management and control

are exercised in Canada, are usually considered resident. They are taxable on their world income. Non-resident corporations are taxed on their Canadian-source income, and on the disposition of taxable Canadian property.

FEDERAL INCOME TAX

Taxable income is generally based on net income according to generally accepted accounting principles, with adjustments for various provisions of the tax regulations. Non-operating income, such as dividends, royalties and interest income, and capital gains, is included in taxable income. Dividends from Canadian corporations receive special treatment to avoid double taxation. Capital gains are taxed at regular rates, but only 75 percent of the net gain is included in taxable income. There are special rules for non-operating income from foreign sources.

For the most part, reasonable expenses incurred in the conduct of a business are deductible from income on a current basis. Depreciation expenses, called Capital Cost Allowances, are also deducted from income. Such allowances are generally calculated using the declining balance method on a pooled basis for classes of assets. Most depreciation rates are in the range of 4 percent for buildings to 30 percent for manufacturing machinery. First-year depreciation is usually half of the normally allowed rate. There are a few classes of assets with special 100 percent depreciation rates, such as tools and moulds.

Certain research and development (R&D) expenditures are generally immediately deductible and qualifying expenditures are eligible for a 20 percent tax credit. (For more information on R&D tax incentives, see Chapter 13.) Expenses such as entertainment and personal automobiles are also deductible, but not at the full rate.

Corporations pay federal tax of 29.12 percent of taxable income, which includes a 4 percent surtax. Income from manufacturing and processing activities is eligible for a 7 percent tax credit, resulting in an effective rate of 22.12 percent.

There is a special federal tax credit of 16 percent for Canadian-Controlled Private Corporations (CCPCs) on the first \$200,000 of active business income annually. This benefit is available to all CCPCs whose taxable capital is less than \$10 million and is reduced for corporations with taxable capital between \$10 million and \$15 million. A CCPC is a private corporation not controlled by any combination of non-residents or public corporations.

PROVINCIAL INCOME TAX

The provinces levy corporate income tax on profits earned within their territory, at rates which vary from province to province. Several have preferential rates for manufacturing and processing income and all have reduced rates for small business income. For qualifying manufacturing activities (outside of a CCPC), the combined federal/provincial effective rates range from 24.6 percent in the Yukon Territory to 39.1 percent in Saskatchewan, Manitoba and New Brunswick.

LARGE CORPORATIONS TAX

A federal tax known as the Large Corporations Tax (LCT) is applied to taxable capital employed in Canada in excess of \$10 million. The tax is 0.225 percent of total capital employed, with a deduction for certain inter-corporate investments. Non-resident corporations with no permanent establishment in Canada are exempt.

Amounts paid for the 4 percent federal surtax on corporate income can be used to reduce the amount of LCT

payable. Surtaxes paid in excess of the LCT liability can be carried forward for seven years or back for three years.

ONTARIO CORPORATE MINIMUM TAX

Corporations that are taxable in Ontario and have assets in excess of \$5 million or revenue in excess of \$10 million are subject to that province's Corporate Minimum Tax (CMT). This tax is 4 percent of net income according to the corporation's financial statements, with adjustments for inter-corporate transfers to eliminate double taxation. Corporations are not affected by the CMT if they pay Ontario income tax in excess of 4 percent of net income. Any tax paid under this provision can be applied against regular income tax liabilities for 10 years.

PROVINCIAL CAPITAL TAX

Five provinces levy taxes on the capital of corporations, defined to include equity and retained earnings. The rate is 0.3 percent in British Columbia, Manitoba and Ontario; 0.6 percent in Saskatchewan; and 0.64 percent in Quebec. None apply to capital below a basic exemption. The threshold is \$10 million in Saskatchewan and ranges from \$1 million to \$2 million in the other four provinces.

Combined Federal and Provincial Effective Corporate Tax Rates, 1996

Province/ Territory	Percentage	
	Manufacturing	Non- Manufacturing
British Columbia	38.6	45.6
Alberta	36.6	44.6
Saskatchewan	39.1	46.1
Manitoba	39.1	46.1
Ontario	35.6	44.6
Quebec	31.0	38.0
New Brunswick	39.1	46.1
Nova Scotia	38.1	45.1
Prince Edward Island	29.6	44.1
Newfoundland	27.1	43.1
Yukon Territory	24.6	44.1
Northwest Territories	36.1	43.1

Notes: For illustrative purposes only. Certain assumptions have been applied to simplify the presentation.
Source: KPMG Canada, 1997.

INDIVIDUALS

Individuals resident in Canada are taxed on their world income. Non-residents are taxed only on Canadian-source income. There is no formal definition of residency, but the courts have held that a person is resident in Canada if he or she regularly resides there as a “settled routine.” Social and family ties have been held to be relevant to residency determination. In any case, an individual who “sojourns” in Canada for 183 days or more in a year is deemed to be resident in Canada for the entire year. Individuals pay provincial tax to the province in which they were resident on 31 December of the taxation year.

INCOME TAX

Employees are taxed on their gross income subject to a relatively limited number of specified exemptions and deductions. Income is defined to include employee benefits that are not explicitly excluded by the *Income Tax Act*. For example, the personal use of a company automobile is a taxable benefit, whereas employers’ contributions to registered pension plans and private health insurance are not.

Individuals who carry on businesses, either as proprietors or partners, calculate their business income in a similar manner as corporations. Dividends received by individuals from Canadian resident corporations are the subject of special treatment. Dividends are adjusted to reflect the fact that they have already been subject to tax at the corporate level. The amount of the dividend is “grossed up” by 25 percent and the individual then receives a Dividend Tax Credit. Dividends from non-resident corporations (net of any foreign withholding taxes) are taken into personal income at full rates.

Three-quarters of capital gains are included in taxable income. If capital losses exceed gains, they can be carried forward to offset future capital gains and carried back for three years. Individuals resident in Canada have a lifetime capital gains exemption of \$500,000. This applies

only to gains from the shares of qualifying Canadian small business corporations or qualifying farm property. Capital gains from a taxpayer’s principal residence are exempt from capital gains tax, subject to a limitation of one principal residence per family. There are special rules concerning the acquisition and disposition of capital assets when individuals become or cease to become Canadian residents.

RATES OF TAX AND TAX CREDITS

The basic federal income tax for individuals is based on three brackets. The first \$29,590 of taxable income is taxed at 17 percent, and the second \$29,590 is taxed at 26 percent. The basic tax on amounts over \$59,180 is 29 percent. In addition, there is a federal surtax, which is calculated as a percentage of basic federal tax payable. The surtax rate is 3 percent on the first \$12,500 of basic federal tax, and 5 percent on the remainder. Provincial income taxes are also added.

Quebec maintains its own tax schedules and requires a separate provincial tax return. All other provinces levy an income tax expressed as a percentage of the basic federal tax at rates ranging from 45 percent to 69 percent. Some provinces also impose flat taxes and surtaxes on high amounts of provincial tax.

Taxes payable are reduced through the application of certain tax credits. All individuals are entitled to a basic tax credit, and there are additional credits for dependent spouses and children, disabled people and those over 65 years of age.

PAYROLL TAXES

The federal government levies payroll taxes for contributions to Employment Insurance and the Canada Pension Plan. These contributions are required from both employees and employers. The provinces of Ontario, Quebec, Manitoba and Newfoundland, and the Northwest Territories also levy payroll taxes. The rates range from 0.98 percent to 4.26 percent, depending upon the size of the payroll.

Average Combined Federal/Provincial Personal Tax Rates

Taxable income	Percentage in 1996	Percentage in 1997
\$0 to \$19,999	7.4	6.8
\$20,000 to \$39,999	19.6	19.1
\$40,000 to \$59,999	27.3	26.7
\$60,000 to \$79,999	31.9	31.1
\$80,000 to \$99,999	35.5	34.7
\$100,000 to \$149,999	38.3	37.8
\$150,000 to \$199,999	41.2	40.5
\$200,000 to \$349,999	43.2	42.9
\$350,000 and >	45.0	45.1

Note: Excluding Child Tax Benefit and GST Credit.

Employment insurance contributions are calculated as a percentage of insurable earnings. For 1997, maximum insurable earnings are \$39,000. Employees pay 2.9 percent and employers pay 4.06 percent of earnings up to that amount.

Canada Pension Plan contributions are based on contributory earnings up to a maximum of \$32,300 for 1997. Both the employee and the employer pay equal percentages of 2.925 percent for 1997, although retroactive changes are expected to raise this amount slightly. Self-employed individuals are required to pay both the employee and employer's share.

GOODS AND SERVICES TAX (GST)

The Government of Canada levies a tax called the GST, which is similar to the value-added taxes common in Europe. The GST applies to most goods and services produced or imported into Canada.

Businesses throughout the production and distribution chain, including retailers, charge GST on their domestic sales but are able to deduct "input tax credits" for any GST they paid to purchase the goods and on other expenses incurred in the operation of their business. Final consumers pay the tax on the full purchase price. Partial rebates are available for some purchases, most notably new homes.

GST is not paid on goods and services that are "zero-rated." These include exports, basic groceries, prescription drugs, medical devices, and agricultural and fishery products. Vendors can, however, still deduct credits for the GST included in their purchase of inputs on these goods, even though there is no tax paid by the purchaser. This contrasts with tax exempt goods and services, which include health care, education, child care, domestic financial services and legal aid. Vendors of these services cannot claim input tax credits.

PROVINCIAL RETAIL SALES TAXES

Most provinces levy a retail sales tax. The exceptions are the Province of Alberta and the Yukon and Northwest Territories, which have no sales taxes. The regulations specifying which goods and services are taxable vary widely among provinces. These taxes are collected by retailers, and in most cases buyers have an obligation to remit taxes on imports into the province.

Provincial sales tax rates vary from 6.5 percent in Quebec to 10 percent in Prince Edward Island. The federal government has been negotiating with the provinces to harmonize federal and provincial sales taxes through a single value-added tax, called the Harmonized Sales Tax (HST). Quebec imposes a sales tax very similar to the GST, and Nova Scotia, New Brunswick and Newfoundland have replaced their sales taxes with a single 15 percent HST (which includes the 7 percent GST).

CUSTOMS DUTIES

Canada imposes customs duties based on the transaction value method of the General Agreement on Tariffs and Trade (GATT) Customs Valuation Code. There are provisions for alternative valuation methods in special cases. Canada uses the Harmonized Commodity Description and Coding System, and its tariff schedules parallel those of most trading partners.

Imports from the United States and Mexico are subject to the provisions of the NAFTA, which will phase out

all customs duties among the three countries. Imports claiming preferential status must be accompanied by a NAFTA Certificate of Origin, demonstrating that the goods qualify under the rules of origin set out in the agreement.

LAND TRANSFER TAX

Some provinces impose taxes on the disposition of real property. Under some circumstances, the tax may be higher for non-residents than for residents.

INTERNATIONAL ISSUES

TAX TREATIES AND FOREIGN TAX CREDITS

Canada is party to several dozen tax treaties, which have been negotiated with other countries on a bilateral basis. The recent treaties usually follow the Model Convention for the Avoidance of Double Taxation of the Organisation for Economic Co-operation and Development (OECD).

These agreements cover a wide variety of tax issues, but for the most part their purpose is to assign priority to the tax authorities of each country and to provide relief from double taxation. In general, priority to tax is given to the country where the income is generated. Canada, for example, will waive its right to tax business income earned in Canada unless the foreign business has a “per-

manent establishment” in Canada. The details of this rule, including the definition of “permanent establishment,” vary from treaty to treaty.

The parties to a tax treaty also undertake to avoid double taxation. The country where the taxpayer is resident agrees to provide foreign tax credits for the amount of taxes paid to the other state on the income arising in the other country. The agreements also lower the non-resident withholding tax rate on Canadian-source income from the 25 percent rate that applies to non-treaty countries.

The provincial governments are not parties to Canada’s tax treaties. As a result, circumstances can arise where relief is provided to a non-resident in respect of Canadian federal taxes but not in respect of provincial taxes.

NON-RESIDENT-OWNED INVESTMENT CORPORATIONS

Non-residents may create a special type of corporation known as a non-resident-owned investment corporation (NRO). A number of requirements for such corporations are set out in the *Income Tax Act*. In general, the NRO can hold investments and earn passive income, including capital gains. The NRO will pay taxes similar to those that would have been due if the investments were made directly.

The taxation chapter was compiled by KPMG (Canada) in April 1997. This chapter does not constitute, and should not be construed to constitute tax advice to any particular investor. Investors are, therefore, advised to consult with their own tax advisors with respect to their individual circumstances. While every effort has been made to ensure the accuracy of the information provided in this chapter, any errors, omissions or opinions should not be attributed to KPMG, the Government of Canada, sponsoring organization or to the publisher.

CHAPTER 8 – PROTECTION OF INTELLECTUAL PROPERTY

Canadian law recognizes the principle that innovators should be allowed to reap a return from inventions, formulas, processes and other types of intellectual property. Canada is a signatory to all major international conventions on the protection of intellectual property. Commitments under these agreements have been given practical force through legislation designed to define and protect patents, trademarks, copyrights, and industrial designs. Newer forms of intellectual property, such as genetic innovations and integrated circuits, are also recognized and protected. To ensure proper protection of their creations, businesses and individuals may need to consult a registered patent agent or copyright agent.

Intellectual property protection is enforced through six federal acts:

1. *The Patent Act*
2. *The Trademarks Act*
3. *The Copyright Act*
4. *The Industrial Design Act*
5. *The Integrated Circuit Topography Act*
6. *The Canadian Plant Breeders' Rights Act*

The Canadian Intellectual Property Office of Industry Canada administers the first five of these acts. Agriculture and Agri-Food Canada administers the *Plant Breeders' Rights Act*.

PATENTS

Under Canadian law, a patent owner has the exclusive right to make, use and sell an invention for a period of 20 years from the date of the first application. An invention is any new and useful process, machine, manufacture or composition of matter, or a new and useful improvement to any of those elements.

Canada is a member of the Paris Convention for the Protection of Industrial Property. All member countries are committed to recognize the earliest patent filing date in any member country. To qualify for this protection, the patent applicant must file in the other countries within one year of the original filing. Applicants for Canadian patents do not have to be residents, but if they do not maintain a Canadian address, they must appoint a resident representative. The representative must declare willingness to receive official notices and deal with the Canadian government on all matters related to the patent.

TRADEMARKS

A trademark is a word or symbol used to identify the goods or services of a producer or supplier. Registration under the *Trademarks Act* is not required, but it gives the owner exclusive use of the trademark throughout Canada. Registration is for 15 years, renewable indefinitely. It is possible to file a Canadian trademark

application based on proposed use, although the applicant must have actually used the trademark before registration is granted. As with patents, applicants who are not Canadian residents must appoint a resident representative.

COPYRIGHT

A copyright gives the creator of a literary, artistic, dramatic, or musical work the exclusive right to make and sell copies and to otherwise profit from the material. A copyright is granted for the expression of an idea, not for the idea itself. Copyright protection extends to computer programs, choreographic work, certain artistic works used in character licensing, and exhibition rights for artistic work. The *Copyright Act* provides strict penalties for commercial piracy.

Copyright registration is not required. Canada is a member of the International Copyright Convention (the Berne Convention for the Protection of Literary and Artistic Works), and automatically grants copyright upon creation, or first publication. To be eligible for this protection, the author must be a citizen or subject of a Commonwealth or Berne Convention country. Canada also extends this protection to American citizens if they are the first to publish copyright material in the United States. Generally, copyright in Canada lasts for the life of the author plus 50 years. The ability to prove first publication is important for enforcement of copyright. Some performing or artistic rights societies keep records of publication dates, as well as collect royalties on behalf of their members.

INDUSTRIAL DESIGN

Under the *Industrial Design Act*, patent protection is available for any original shape, pattern, or ornamentation

applied to a manufactured product made through an industrial process. If the design is used as a model or pattern to produce 50 or more manufactured articles, it must be registered to receive protection. This is true even if the design itself is a copyright artistic work. The proprietor of the design must file an application with the Commissioner of Patents within one year of its first publication. The right of exclusive use lasts for ten years, subject to payment of maintenance fees.

INTEGRATED CIRCUIT TOPOGRAPHIES

The *Integrated Circuit Topography Act* provides individuals with the exclusive right to the design or "topography" of integrated circuits. Protection lasts for ten years, provided that applications are filed in Canada within two years of the first commercial exploitation of the circuit anywhere in the world. Under the act, others can use the design for analysis, evaluation, research or teaching, but not for commercial purposes.

PLANT BREEDERS' RIGHTS

Canadian law provides patent protection for new, distinct, uniform and stable varieties of plants. Plant breeders can apply for protection of their creations for a period of 18 years. The holder of the right has the exclusive right to produce and sell reproductive material and use the variety to produce others. The regulations protect 23 plant categories including grain, fruit, vegetables and flowers. This protection is available to citizens of Canada and countries that are members of the International Union for the Protection of New Varieties of Plants.

CHAPTER 9 – LABOUR LAWS

The federal and provincial governments both have authority to enact labour laws, but the vast majority of Canadian employees fall under provincial jurisdiction. Federal labour authority is limited to industries deemed to be for the general advantage of Canada or two or more provinces. Industries generally falling into the federal jurisdiction include rail and air transportation, telecommunications, grain elevators and uranium.

Provincial and federal labour legislation covers a broad range of employment issues. This includes employment standards, occupational safety and health, pensions and employment insurance. The right of employees to bargain collectively with their employers is protected and subject to a certification process.

Related laws govern human rights and fair employment practices in all jurisdictions. They prohibit employment discrimination by race, religion, colour, creed, sex or age, as well as a number of other factors. Employers are required to pay men and women equally for the same work. Employment of children under specified ages is prohibited. The minimum age varies by jurisdiction and type of work.

STATUTORY EMPLOYMENT STANDARDS

Minimum employment standards are set by statute in all Canadian jurisdictions. Employment standards include

minimum wages, hours of work, time off work, and employment termination. Higher standards are the custom in many industries.

MINIMUM WAGE

The minimum wage for experienced adult workers varies between \$5 and \$7 per hour depending on jurisdiction. Some provinces have special rates for students, young workers, trainees, farm workers, domestics and other classes of employees. The federal minimum wage matches that of the province where the employees are located.

HOURS OF WORK

Legislated standards provide for premium rates of pay for employees who work beyond a specified maximum

Minimum Hourly Wage Rates, 1997

Newfoundland	\$5.25
Prince Edward Island	\$5.40
Nova Scotia	\$5.50
New Brunswick	\$5.50
Quebec	\$6.70*
Ontario	\$6.85
Manitoba	\$5.40
Saskatchewan	\$5.60
Alberta	\$5.00
British Columbia	\$7.00
Northwest Territories	\$6.50**
Yukon	\$6.86

* The rate in Quebec was expected to increase to \$6.80 on 1 October 1997.

** \$7.00 in areas distant from the NWT highway system.

number of hours per day and/or per week. The objective of these laws is to encourage employers to hire additional people for regular work while allowing the flexibility of overtime for unscheduled requirements. At least one rest day must be scheduled per week.

ANNUAL VACATIONS AND STATUTORY HOLIDAYS

The usual requirement in most jurisdictions is for a minimum of two weeks' annual vacation increasing to three weeks after a number of years of service. Vacation pay is generally set at a minimum of 2 percent of annual pay for each week of vacation entitlement. There are ten national holidays, and each province has at least one provincial holiday. The number of paid statutory holidays varies by jurisdiction.

FRINGE BENEFITS

It is common for Canadian employers, especially larger ones, to provide benefits beyond those required by law. For example, many provide supplementary health care insurance, dental care plans, life insurance, sick leave and long-term disability. These benefits help to attract highly qualified employees and reduce labour turnover.

MATERNITY AND PARENTAL LEAVE

Employees are entitled to unpaid maternity and parental leave ranging from 17 to 52 weeks depending on jurisdiction. In most cases, an employee is entitled to take such a leave based on a specified period of continuous employment by the company. Employees on leave are entitled to job security when they return. In most jurisdictions, employees can also claim unpaid adoption leave.

EMPLOYMENT TERMINATION

An employment relationship may be terminated in one of two ways — for cause, or temporarily suspended due to layoff. Cause for termination includes incompetence and involves no obligation to give advance notice to the employee. Layoffs are the result of a lack of business, reorganization or redundancy.

For termination without cause, employers in all jurisdictions are required to give advance notice of termination

or layoff, or to offer pay in lieu of notice. In many provinces, the employee is under an equal obligation to notify the employer before quitting. Additional advance notice of group layoffs is required in all Canadian jurisdictions except Alberta and Prince Edward Island. In contrast to permanent termination, employment may be temporarily suspended due to layoff, as a result of lack of business or reorganization.

PENSIONS

Employers are required to contribute to the Canada Pension Plan, or to a comparable plan in Quebec. These plans provide workers and their families with a basic level of income protection in the event of retirement, disability or death.

These plans are financed by contributions from employers and employees, deducted at source each time the employee is paid. The employer and employee each contribute 2.925 percent of salary, up to a yearly maximum, set at \$945 in 1997.

Employees become eligible for benefits at age 65, even if they are still working. Contributions cannot be made after age 70.

Many larger employers provide company pension plans, which may be partially funded by employee contributions. Pension plans are not mandatory, but they must be funded according to provincial and federal regulations if they are offered. These regulations treat pensions as deferred compensation, and ensure that adequate funds will be available to pay them in the future. They also provide for the mandatory "vesting" of employer contributions after certain minimum periods of employment.

EMPLOYMENT INSURANCE

On 1 July 1996 the federal government adopted a new *Employment Insurance Act*. The act is designed to help workers adjust to economic change, while maintaining the incentive to work. The act also recognizes provincial responsibility for labour market training and allows for federal-provincial partnerships to create new programs.

The Employment Insurance (EI) system is financed by payroll taxes levied on both employees and employers. For 1997, maximum insurable earnings are \$39,000. Employees pay 2.9 percent and employers pay 4.06 percent of earnings up to that amount.

Employees qualify for EI by working a minimum number of hours in the previous year. If they become unemployed, they are entitled to an initial basic benefit of 55 percent of contributory earnings. The maximum benefit is \$750 per week. The benefit rate declines according to the number of weeks of benefits claimed over a five-year period. There are provisions for additional benefits to low-income claimants who are raising families. EI claimants are also eligible for assistance in finding new jobs.

WORKERS' COMPENSATION

All jurisdictions have workers' compensation programs to provide benefits for workers suffering from job-related injuries and diseases. They essentially provide a "no fault" compensation system, whereby workers receive benefits from the program, but cannot take legal action against the employer. Employers pay premiums to provincial Workers' Compensation Boards at rates set primarily by industry and the employer's claim record.

OCCUPATIONAL SAFETY AND HEALTH

All jurisdictions have legislation and other measures to reduce the incidence of occupational accidents and illness. Health and safety authorities carry out inspections of construction sites, industrial plants and other hazardous workplaces to ensure compliance with the regulations. In some jurisdictions, joint employer-employee health and safety committees are required for larger workplaces.

COLLECTIVE BARGAINING

Canada's system of collective bargaining is embodied in federal and provincial labour relations acts and labour codes. Most Canadian workers have the right to join trade unions to bargain collectively with the employer on their behalf. Roughly 20 percent of Canadian private

sector workers are members of unions, the most prominent of which deal with very large employers.

In general, the system seeks to minimize disruption by certifying trade unions as the bargaining agents for specific groups of workers, typically all of the non-managerial employees in a company. Exclusions are provided for employees with access to confidential corporate information. Once a union has been certified by a Labour Relations Board as the agent for a "bargaining unit," it has the exclusive right to bargain with their employer. Normally, this right of representation covers all workers in the bargaining unit, whether or not they are members of the union. In return, the union is obliged to fairly represent all workers, whether or not they are members. A union can be decertified, or replaced with another union, only during a specified "open period" near the end of the term of a labour contract.

Strikes and lockouts during the term of a collective agreement are prohibited in all jurisdictions, and there is a system of arbitration to resolve disputes. The federal and provincial governments provide mediation and conciliation services, which are generally mandatory before a work disruption can take place.

APPRENTICESHIP AND TRADE QUALIFICATIONS

All provinces have programs for the certification of individuals to practice certain skilled trades. Apprenticeship programs feature on-the-job training supplemented by several weeks per year of technical training classes. Programs may last for up to four years and some have more than one level of certification.

FOREIGN PERSONNEL

Non-residents require an employment authorization to undertake temporary work assignments in Canada. The prospective Canadian employer is responsible for obtaining this document. For a temporary offer to be approved, employers must demonstrate that they are unable to locate a qualified Canadian citizen or landed immigrant for the job.

CHAPTER 10 – CONSUMER PROTECTION

Canada has a number of laws to ensure that ethical businesses do not suffer from unfair competition from companies seeking to mislead consumers, or engage in harmful waste management practices. One set of laws is designed to protect consumers from product misrepresentation and misleading packaging and labelling. These measures are similar to those in other advanced industrialized countries. They specify information that must be disclosed on product labels, and prohibit the dissemination of false or misleading product information. Other laws protect Canadians from the discharge of industrial wastes into the environment. Municipal zoning by-laws regulate the use of land for real estate development.

PACKAGING AND LABELLING

The *Consumer Packaging and Labelling Act* protects against misrepresentation in packaging and labelling, and helps to distinguish products. The act applies to importers, retailers, manufacturers, processors and producers. It prohibits dealers from selling, advertising or importing pre-packaged goods into Canada unless the affixed label complies with Canadian labelling standards.

GENERAL LABELLING REQUIREMENTS

With certain exceptions, pre-packaged goods sold in Canada must be labelled in both English and French. All products distributed in Quebec must have French labels, although they do not necessarily have to be affixed to the item.

Labels must include the common name of the product, the quantity in metric units, and the principal place of business or manufacture. The act also regulates standard container sizes and shapes.

For 60 categories of goods, the *Customs Act* requires that the country of origin be clearly marked. Most of these categories are goods for personal and household use, hardware, novelty and sporting goods, paper and printed products, and apparel. If the goods are not properly labelled when they enter Canada, amended labels must be affixed.

TEXTILES AND STUFFED ARTICLES

The federal *Textile Labelling Act* regulates labels affixed to garments and upholstered household furnishings. The provinces of Ontario, Manitoba and Quebec have their own labelling requirements for all upholstered and stuffed articles.

FOOD

Labels on food products must indicate the common name of the product, the net quantity, and the name and address of the producer. Most pre-packaged food products also must contain a list of ingredients, a “best before” date, storage instructions, and identification of any artificial flavouring. If the number of servings is indicated, the size of each serving must be shown. Nutritional labelling may or may not be mandatory, but

it is recommended both because of consumer preferences and the possibility of future government regulation.

The importation and sale of food products is also regulated under the *Food and Drugs Act*. The act prescribes standards for specific food products to ensure that they meet established standards of purity and quality. The objective of these regulations is to ensure that no other products are mistaken for food that meets the standards. The act also limits certain food additives.

DRUGS

The *Food and Drugs Act* classifies drugs into categories and regulates the sale of each type. Prescription drugs identified by a drug identification number (DIN) and licensed for human use are dispensed by pharmacists or administered in hospitals on a physician's orders. Non-prescription drugs with DINs may be sold off the shelf in pharmacies, but not in other stores. General public drugs can be sold in grocery, department or variety stores. Veterinary medicines may be sold by veterinarians, pharmacists and certain retailers.

WEIGHTS AND MEASURES

The *Weights and Measures Act* sets out standards for the measurement of mass, weight, volume, capacity, length, area, temperature and time. Since the adoption of the metric system of measurement in Canada, the act has also set the standards for converting imperial measurements into their metric equivalents. A government agency called Measurement Canada administers these regulations. It is also responsible for regulating the accuracy of measuring devices used for the sale of goods.

PRODUCT STANDARDS AND CODES

Canada's federal and provincial governments can set mandatory standards for the performance or safety of many products and services. Electrical wiring, equipment and appliances is an example of a category that is relatively rigorously regulated. Numerous business associations also set voluntary standards for their industries or for certain aspects of their businesses.

Every effort is made to avoid duplication between federal and provincial governments in setting standards. In the case of the rules governing electrical safety standards, for example, each province has adopted the Canadian Standards Association's guidelines in its regulations as well as its certification services. Nonetheless, investors should be aware of the two levels of regulation involved, and consult relevant government departments or experts in their field.

The Standards Council of Canada (SCC) is an independent agency responsible for the promotion of voluntary standardization in Canada. The SCC, a federation of organizations providing standardization of services, coordinates the National Standards System. Members of the National Standards System write standards, test and certify products and register the quality systems of companies. The SCC operates accreditation programs for members of the system. It is also Canada's voice in the International Standards Organization (ISO) and the International Electrotechnical Commission (IEC).

Companies producing goods in Canada can benefit from having relevant products certified by one of the accredited certification organizations. This allows the manufacturer to use certification marks subject to regular checks to ensure that the item continues to meet the standard involved. Canadian companies also have the opportunity to provide input into the development of international standards through the SCC.

ENVIRONMENTAL LAW

The protection of the environment is a growing concern for governments in all advanced countries. Canadian businesses are most likely to encounter environmental regulations when they create, store and dispose of hazardous products, including industrial waste. The Canadian *Environmental Protection Act* and the *Hazardous Products Act* are the principal laws governing these activities. In addition, most provinces require a permit for hazardous waste disposal and transport. The directors and officers of a company can be held personally liable for any contravention of environmental protection legislation.

CANADIAN ENVIRONMENTAL PROTECTION ACT (CEPA)

The CEPA is the principal law governing the discharge of toxic substances into the ecosystem. The focus of the act is on prevention. Environment Canada, which administers the CEPA, is responsible for environmental guidelines, regulations, codes of conduct and enforcement mechanisms. It also works with industry to develop pollution measurement and control technologies.

HAZARDOUS PRODUCTS ACT

The *Hazardous Products Act* regulates the advertising, sale and import of hazardous products and substances. It regulates some products, prohibits the importation and sale of others, and outlines labelling requirements for hazardous products.

REAL ESTATE DEVELOPMENT

The provinces are generally responsible for regulating the development of land, although this is largely delegated

to local municipalities. Local governments develop official plans, subject to provincial approval. These plans consider social, economic and environmental objectives that govern land development. They designate certain areas for different types of development, such as residential, commercial or recreational, and provide the context for zoning by-laws that regulate the size, type and use of buildings or structures that can be erected in each area. Building codes specify allowable placement of buildings on the land, as well as minimum standards for building construction. Provincial and municipal regulations also govern the division of land titles.

Most Canadian communities are interested in attracting new employers and set aside land for industrial and commercial purposes. Companies that move into these designated areas will encounter few obstacles. Local governments must hold public meetings prior to enacting zoning by-laws, and their decisions can be appealed.

CHAPTER 11 – GOVERNMENT SERVICES FOR BUSINESS

As part of their efforts to promote economic growth, the federal, provincial and municipal governments all provide assistance for business development and expansion. The programs fall into two broad categories: those that promote international trade and investment, and those that seek to develop particular industries or regions.

The Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada (IC) are the key federal government departments offering services to business. They cooperate with each other on a variety of programs. Both departments also work with provincial governments and private industry associations to ensure that businesses seeking assistance are directed to the best possible source. They provide access to several other federal departments and agencies with expertise in specific areas. For example, Agriculture and Agri-Food Canada, Environment Canada, Natural Resources Canada, and the Department of National Defence all have interests in foreign investment and international trade.

INTERNATIONAL TRADE AND INVESTMENT DEVELOPMENT

DFAIT has broad responsibility for Canada's relations with other countries, including international trade and investment. To encourage economic development and generate employment in Canada, it facilitates direct

investment in Canada and promotes Canadian exports to other countries.

Canadian missions abroad respond to inquiries from local business people and support visiting Canadian trade missions. In Canada, inquiries can be directed to DFAIT's Ottawa headquarters or to International Trade Centres (ITCs) located across Canada. These centres can provide information on a number of programs and guide foreign business people to appropriate contacts.

Information on the range of services offered by DFAIT can be accessed through its main Internet website, at <http://www.dfait-maeci.gc.ca/>. Further information on investing in Canada is available at <http://www.dfait-maeci.gc.ca/investcan/>.

INDUSTRY CANADA (IC)

IC is responsible for policies and programs that assist Canadian industry. The department works closely with DFAIT on sector-specific issues related to international trade and investment. It administers the *Investment Canada Act*, including receiving notices and conducting reviews of proposed foreign investments.

The department works directly with Canadian companies and business associations to promote industrial, scientific

and technological development. Its mandate includes the promotion and facilitation of foreign direct investment in targeted industrial sectors.

IC maintains a network of regional offices across Canada to put officers in close contact with local business people and stay abreast of regional developments. These regional offices also work to harmonize federal and provincial programs.

Information on Canadian and international industries, as well as business support services, can be obtained at IC's website, called "Strategis" (<http://www.strategis.ic.gc.ca/engdoc/main.html>). This is the largest business information website in Canada.

CANADIAN BUSINESS SERVICE CENTRES

Canadian Business Service Centres (CBSCs) are located in each province and in the Northwest Territories. The centres are a collaborative effort involving 22 federal government departments, provincial and territorial governments, and non-governmental organizations. They are designed to provide a single source of access to a wide range of information on government programs and regulations. International Trade Centres, staffed by DFAIT and IC officers, are located within the CBSCs.

Each CBSC offers a variety of products and services to help Canadian businesses and prospective investors obtain quick, accurate and comprehensive information. A centralized referral service is available toll free at (1-800-567-2345), or on the Internet at <http://www.reliant.ic.gc.ca/english/index.html>.

GOVERNMENT SUPPORT TO INDUSTRY FOR RESEARCH AND DEVELOPMENT (R&D)

Approximately 25 federal, and roughly 100 provincial science and technology programs are available to businesses operating in Canada. In 1995, the federal government directed \$562 million to the private sector for R&D activity, and the provincial governments collec-

tively contributed \$125 million. This support is in addition to tax incentives offered by both the federal and provincial governments.

At the federal level, for example, a fund called Technology Partnerships Canada offers interest-free loans to industry to cover about one-third of the development costs of new products. The loans are repayable if the project is successful. The partnership also extends to sharing in the upside returns. The federal government's proceeds from such projects will be reinvested in the program to help other companies develop new technologies.

Technology Partnerships Canada focuses on industries in aerospace, defence, environmental technologies, biotechnology, advanced manufacturing and materials, and selected information technologies. The program targets technologies that are at the near-market end of the R&D cycle, have potential applications in several industries, and result in products or processes that display high sales potential in the domestic and export markets.

At the provincial level, seven of the ten provinces, along with the Northwest Territories, have established provincial research organizations that offer R&D services and assist in transferring technology to companies.

FINANCIAL SERVICES

Two federal government financial institutions serve businesses in Canada. The Business Development Bank of Canada offers loans and loan guarantees, and operates a venture capital program. It is especially focused on the needs of small- and medium-sized enterprises. It is also active in business counselling and skills development through offices in all of Canada's major cities.

The Export Development Corporation facilitates export trade. It provides export financing, direct loans, lines of credit as well as guarantees and insurance for Canadian companies and their foreign customers.

REGIONAL DEVELOPMENT PROGRAMS

Federally funded regional development programs encourage economic development in Western Canada, Northern Ontario, Quebec and Atlantic Canada. The federal government works closely with provincial counterparts to operate these programs.

Within the regions, provincial, regional and municipal governments offer a broad range of investment incentives and other assistance. Several provinces maintain representations abroad. Provincial governments also participate in trade missions to promote economic development.

Each province has a department of trade or industry that encourages investment within its jurisdiction. They are a good source of information on the size and composition of regional markets, provincial programs and incentives, and the availability and prices of facilities, resources

and skilled labour. Provincial government departments can also inform prospective investors about details of taxes, regulations and location costs in each jurisdiction.

Canadian cities actively seek investment. To attract business in their jurisdiction, many municipalities offer incentives such as industrial parks and other location services.

BUSINESS IMMIGRATION PROGRAM

In addition to standard immigration procedures, Canada has a special business immigration program for business immigrants. The objective is to attract experienced business people who will create jobs and contribute to economic development. There are three classes of business immigrants: entrepreneurs, investors, and self-employed persons. Information is available from Citizenship and Immigration Canada or Canadian embassies, consulates or visa offices.

SECTION 3 – INFRASTRUCTURE

Canada's extensive and efficient infrastructure is one of its most important drawing cards for international investors. Foreign companies that set up operations in Canada often comment on how well everything works. The World Economic Forum's *Global Competitiveness Report* ranked Canada's infrastructure fourth best in the world in 1997.

An advanced education and training system provides companies with access to a large pool of highly-skilled workers. World-class research and development (R&D) capabilities are available through universities and government laboratories. Collaborative programs are making these resources increasingly available to the private sector.

A state-of-the-art communications system links Canada to the world. The nation's financial services sector is highly developed, stable and extremely sophisticated. Energy is plentiful, and the transportation network provides ready access to all of North America.

These infrastructure elements work together to provide a solid foundation for any type of business. And they provide these services at some of the lowest costs found in any advanced industrialized country. The industries that provide this infrastructure are successful exporters in their own right. Their expertise is eagerly sought for infrastructure projects around the globe.

CHAPTER 12 – HUMAN RESOURCES

Canada places a high priority on education and training, and backs this commitment with considerable financial resources. The nation ranks second only to the United States in the share of public expenditures directed to education. About 1.4 million students are enrolled in some type of post-secondary education, 40 percent of them in full-time university degree programs. This advanced education system has established Canada as the world's best source of "knowledge workers". It guarantees industry a ready supply of high-quality graduates from a diverse range of disciplines.

Canada has 88 degree-granting institutions of higher learning. Another 200 community colleges grant certificates and diplomas, mainly for vocational and technical training. Both types of institution stress the concept of continuous learning, and millions of Canadians participate in skills upgrading throughout their careers.

Close to half of Canada's labour force participants hold a post-secondary diploma or certificate or a university degree. This is a higher proportion than in the United States and more than twice that in Britain and France.

POST-SECONDARY EDUCATIONAL INSTITUTIONS

Major multinational companies with sophisticated manufacturing operations regard the pool of highly trained engineers, technologists and technicians as one of Canada's key competitive advantages. The enrollment

Educational Attainment of the Labour Force Percentage

Degree	1975		1995	
	Men	Women	Men	Women
University degree	10.4	7.4	17.3	17.0
Post-secondary diploma	11.8	17.1	29.1	31.4
Some post-secondary	9.8	9.2	9.1	10.3
High school*	44.7	51.4	41.0	37.1
0-8 years of education	23.4	15.0	6.5	4.2

* Some or all of high school completed.

Source: Statistics Canada, *The Labour Force Annual Averages*, Catalog 71-529, as cited in G. Betcherman and G. Lowe, *The Future of Work in Canada: A Synthesis Report*. Ottawa, 1997, p. 24.

rate in post-secondary education for the 18-to-21 year-old age group is the highest of any member country of the Organisation for Economic Co-operation and Development (OECD). Every year, around 180,000 university degrees, diplomas and certificates are granted, of which about 27,000 are at the graduate level.

The most popular fields of study at universities are social sciences (including business administration), sciences, mathematics and engineering. Thirty-nine universities have undergraduate degree programs in engineering and applied sciences, while 35 offer master's and doctoral degrees in these fields. Enrollment in sciences and engineering accounts for almost half of the total full-time graduate student body. These are also the most rapidly growing areas of study at the graduate level.

Community colleges graduate about 100,000 students every year, producing a steady stream of well trained

Estimates of Employer Training

Percent of all employees receiving training annually

Country	Percent
Canada	30-36
Finland	34
France	29
United Kingdom	31-43
Japan	31-37
Sweden	25
United States	31

Source: C. Kapsalis. "Employee Training in Canada: Reassessing the Evidence." *Canadian Business Economics*, Summer 1993.

technicians and technologists. Many community college graduates hold diplomas in business administration and related fields.

ON-THE-JOB TRAINING

More than 70 percent of all Canadian firms provide on-the-job training for employees and the proportion is much higher for companies employing 100 people or more. Surveys indicate that about one-third of Canadian workers receive some kind of structured on-the-job training or education every year. Annual employer expenditures on worker training are estimated at between \$2.5 and \$3.0 billion.

COOPERATIVE TRAINING

In addition to traditional academic education, Canadian universities and colleges offer cooperative education/training programs in association with employers. A growing number of high schools are also participating in this type of program. Cooperative students spend a portion of their training terms gaining practical experience in the workplace.

These programs have received strong support from Canadian industry. They expose young people to the realities of the modern workplace and help them develop practical work skills. Employers also find that these programs provide an excellent opportunity to assess potential recruits for long-term careers.

APPRENTICESHIP AND INTERNSHIP TRAINING

Apprenticeship programs provide training certification for skilled tradespeople in fields where on-the-job training is an especially important component. Provincial governments administer these programs, which run up to four years. The majority of the training, typically about 80 percent, takes place on the job. For several weeks each year, apprentices attend technical training classes.

Apprenticeship programs are industry-driven, which means that employers can satisfy their needs for specific skills and expose trainees to the latest technologies. Apprentices must pass examinations before receiving final certification in their trade. Governments and industry are working together to develop new apprenticeship and internship programs in such emerging trades as information technology, telecommunications, environmental services and biotechnology.

DISTANCE EDUCATION

Canada has a strong international reputation for expertise in telecommunications and multimedia. This knowledge is supporting the development of new education and training techniques. Computers and televisions are reducing the costs of training in a wide variety of applications. These methods deliver training material to isolated areas, facilitate communication between instructors and students, and provide training at unconventional times. With about one million Canadian households now connected to the Internet, innovative approaches to training will continue to grow.

GOVERNMENT HUMAN RESOURCES DEVELOPMENT PROGRAMS

Human Resources Development Canada (HRDC), a federal department, operates a variety of programs to ensure the smooth functioning of labour markets. The department develops human resource initiatives in partnership with a variety of national business, labour and

voluntary organizations. Programs are offered in the areas of skills development and planning, occupational standards and career information. Some of the resulting products and services are components of the national Labour Market Information System, a national source of up-to-date information about jobs, skills and occupations.

The department's Sectoral Partnership Initiative brings together employers, workers and others to address human

resource issues in their sectors. HRDC serves as a catalyst, facilitating the creation of these alliances and providing start-up funds for their work. As of early 1997, more than 20 national "sectoral councils" were operating.

Further information about the HRDC's programs are available on the Internet at <http://204.101.252.110/hrdc/menu-en.html>.

CHAPTER 13 – COMMUNICATIONS

Throughout its history, Canada has faced the challenges of servicing a diverse population spread across its vast territory. The nation responded by developing one of the most sophisticated communication systems in the world. More than a century ago, the world's first long-distance telephone call was made in southwestern Ontario. Canada was the first country to introduce public-packet switching in the 1970s and optical fibre in the 1980s. And it established the first intercontinental asynchronous transfer mode (ATM) network, from Vancouver to Berlin, in the 1990s.

Today, Canada remains at the forefront of advances in telecommunications. It is a world leader in voice, text, data, graphics and video services. Canadian businesses have access to a state-of-the-art infrastructure for high-speed, high-quality digital communications within the country and around the world.

Despite the size of the country, and its remote regions, telephone services in Canada are virtually universal. Cellular service is available in areas containing 80 percent of the population. Cable television services are available to 90 percent of Canadian homes. About 60 percent of Canadian businesses are connected to the Internet, and home use is expanding exponentially. New broadband facilities now under construction will bring high-speed access to the information superhighway to 90 percent of the population by 2005.

Canadian telecommunications carriers are investing \$5 billion to \$6 billion per year to maintain and upgrade their networks. These and other investments in the country's communication infrastructure enable all Canadian industries to improve their productivity and remain globally competitive.

THE REGULATORY ENVIRONMENT

Canada's regulatory environment for telecommunication services encourages competition and innovation. This creates an ideal environment for continuous upgrading and expansion.

Like most countries, Canada traditionally regulated its telecommunications sector to control potential abuses of monopoly power and ensure service to the less populated regions. But rapid technological advances have eliminated many of the reasons for regulation, and created the conditions for healthy competition. In response, Canada's telecommunication regulatory agency, the Canadian Radio-Television and Telecommunications Commission, has made several decisions that open the market to competition, and create opportunities for foreign investment. These measures are based on the principle that competition will provide the most efficient, innovative and accessible system at the lowest prices. Today there is no area of the domestic telecommunication market restricted to a monopoly provider.

Canada is a signatory to World Trade Organization (WTO) agreements that are further opening telecommunication markets. The Information Technology Agreement will abolish import duties on such products as computers, software, semiconductors, and telecommunication equipment by 2000. The Basic Telecommunications Services Agreement opens up telephone services to foreign investment and competition.

TELECOMMUNICATION NETWORKS

Canada's telecommunication infrastructure includes 250 million kilometres of telephone and data networks. Some 16 million access lines, combined with an extensive cellular network, bring service to virtually every business and home. Three national telecommunication networks tie this system together.

Two major carriers, the Stentor Alliance of 10 telephone companies, and AT&T Canada Long Distance Services Co., provide telephone services, while Teleglobe Canada supplies the linkage for overseas telecommunication services. In addition to the big three, some 50 smaller independent companies serve various regions of Canada. Telesat Canada operates the country's satellite communication networks.

Cable television service is available to 90 percent of Canadian households: 73 percent of them subscribe. Three of Canada's largest cable firms have recently launched a national program to provide high-speed Internet access service.

Cellular telephone services are provided by two national carriers, Rogers Cantel Inc. and Bell Mobility Canada. More than 80 percent of Canadians live in areas served by cellular phones. Recently, voice and data services to mobile radio users outside major metropolitan areas have been expanded as a result of the launch of the MSAT satellite.

A new wireless telephone system, called personal communication services (PCS), is now available in Montreal. PCSs are digital phones capable of connecting with an array of electrical devices, databases and the Internet. PCS networks will be available in 1997 in Toronto, Ottawa, Quebec City and Vancouver, with networks available in most smaller communities within three years.

Canada has recently granted licences for a nation-wide local multipoint communication system (LMCS). LMCS is a wideband wireless system in the 26 gigahertz range. It involves a central transmitting station that sends and receives signals to and from subscribers. Signals can be local or long-distance telephone calls, digital communications for activities such as surfing the Internet, or cable-television broadcasts.

The number of Internet users has been growing rapidly. According to a survey by the Canadian company Angus Reid, Internet access from home almost doubled between October 1995 and March 1996. By mid-1996, Statistics Canada found that close to one million households had access to the Internet. In the workplace, according to a survey completed by Andersen Consulting in August 1996, 57 percent of Canadian companies now use the Internet.

THE INFORMATION SUPERHIGHWAY

Canada is rapidly developing a national information superhighway. This concept focuses on integrating an array of communication systems including telephone, cable, satellite, wireless and computer networks. The objective is to integrate these systems into an interoperable, high speed network.

To this end, the Stentor Alliance, consisting of Canada's leading telephone companies, will spend a total of \$8 billion over a 10-year period to upgrade Canada's local and long-distance networks. When completed in

2005, 80 to 90 percent of all businesses and homes in Canada will have access to the broadband multimedia technologies of the information superhighway.

CANADIAN NETWORK FOR THE ADVANCEMENT OF RESEARCH, INDUSTRY AND EDUCATION

The Canadian Network for the Advancement of Research, Industry and Education (CANARIE) is supporting the expansion of Canada's information superhighway. This is a \$1.2 billion government-industry venture to upgrade the country's telecommunication networks. Financed primarily by the private sector, CANARIE links existing regional computer networks in each of Canada's 10 provinces and two territories.

The first phase of the CANARIE involved some 40 technology and application projects. This included the upgrade of CA*Net, Canada's existing national R&D and educational network, to incorporate high-speed asynchronous transfer mode (ATM) links. This network is now used as a testing facility for Canadian companies to evaluate information technologies and applications, and test the limits of network engineering.

The second phase of the CANARIE project includes an expansion of the test networks, as well as upgrading network speeds to OC-3. In addition, CANARIE has undertaken a range of outreach activities to promote the further development of Canada's information infrastructure.

THE MANITOBA ADVANTAGE

MONEY MATTERS

Your investment goes further in Manitoba

Low Operating Costs

- businesses will save as much as 15.7% by locating in Manitoba rather than a U.S. location*
- 10-year corporate, personal and sales tax freeze
- the lowest published electricity rates in North America
- low office and industrial space costs

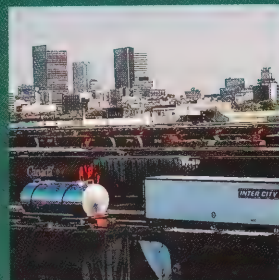
Skilled Workforce

- multilingual culture – over 100 languages spoken
- well-educated, dedicated workforce
- very low employee turnover rates

Strategic Location

- strategic access to mid-continent trade corridor
- convenient air, rail and overland trade routes
- prime transportation and communication infrastructure
- central time zone

* KPMG Study 1996



MANITOBA
CANADA

1.800.529.9981

(In North America only)



Manitoba Trade

4th Floor, 155 Carlton Street
Winnipeg, Manitoba, Canada R3C 3H8
Tel: (204) 945-2466 • Fax: (204) 957-1793
e-mail: mbtrade@itt.gov.mb.ca

Manitoba

Manitoba Trade is an agency of Manitoba Industry, Trade and Tourism, James E. Downey, Deputy Premier & Minister

CHAPTER 14 – TRANSPORTATION

Transportation is a cornerstone of Canada's industrial strength. Faced with the challenges of a relatively small population dispersed over a vast territory, the nation invested huge sums to construct railways and highways stretching from coast to coast. Marine transportation systems were built to take advantage of access to three oceans and the Great Lakes. More recently, air transportation has provided rapid, low-cost transportation for both passengers and cargo. This transportation infrastructure is one of the most efficient in the world.

DEREGULATION

Enormous investments and risks accompanied the task of building Canada's basic transportation infrastructure: such investments were beyond the resources of the private sector at the time. For this reason, governments built or underwrote most of the country's ports, roads, railways and airports. Crown corporations were formed to own and operate much of the transportation system. Government agencies managed the largest ports, airports and the Great Lakes-St. Lawrence Seaway system.

Beginning in 1987, new government policies encouraged the commercialization of the transportation industry and the government began a shift towards a policy and regulatory role. The *Canada Transportation Act* of 1996 completed the process of removing unnecessary regulation. The Canadian National Railway and Air Canada have

now been privatized. Seven large airports and 30 regional and local airports have been commercialized. A 1995 "Open Skies" agreement allows airlines unlimited access between cities in Canada and the United States. The air traffic control system has been commercialized and there are also plans to commercialize the St. Lawrence Seaway.

Deregulation has greatly increased the level of competition between transportation carriers and, thereby, lowered prices and led to more efficient utilization of the infrastructure. Transport Canada has calculated that productivity in the transportation sector rose by 3.6 percent between 1991 and 1994, while unit costs declined by 2.3 percent.

Liberalized trade between Canada and the United States has increased cross-border competition among transportation providers, which is also keeping prices low. More than 5,000 American trucking companies now hold Canadian licences. In addition, the "Open Skies" agreement has put considerable pressure on airline passenger and cargo rates. American railway companies are also moving into the Canadian market, particularly for highly competitive intermodal systems.

TRANSPORTATION NETWORKS

Canada's transportation infrastructure includes the roads, airports, pipelines, railways and sea ports that tie the

country together from east to west. They also provide a high level of integration between the economies of Canada and the United States. All of Canada's manufacturing centres are within two days by truck of every part of the United States.

On the basis of contribution to gross domestic product (GDP), the trucking industry claims the largest share of Canada's transportation industry with 34 percent of the total output. Rail is second with 22 percent, followed by air and marine with 14 and 7 percent, respectively. Other modes of transportation, most notably pipeline transmission of energy, account for the remaining 23 percent. On the basis of weight, marine transportation leads the industry with 361 million tonnes of freight carried in 1995; railways are second with 273 million tonnes; followed by 211 million tonnes for trucking.

ROAD TRANSPORTATION

Road transportation is by far the most common method of shipping manufactured goods. The trends towards just-in-time (JIT) inventory control and intermodal shipping are increasing the demands on the road system. At the same time, they have placed a premium on reliable, uncongested routes, leading to the development of new toll highways. Canada had more than 300,000 two-lane equivalent kilometres of paved roads in 1995, including the 7,300-kilometre Trans Canada Highway, which links all ten provinces.

The trucking industry consists of a large number of "for-hire" trucking companies, private carriers, and owner-operators. Revenues in the for-hire trucking industry totalled \$12.5 billion in 1995.

RAILWAY TRANSPORTATION

In 1995, Canada had more than 80,000 kilometres of railway track. Two major carriers handle most of the nation's rail cargo traffic: the Canadian National Railway (CN) and the CP Rail System (CP). Passenger service is the main responsibility of VIA Rail, a federally owned crown corporation which uses infrastructure provided by CN and CP.

CN and CP have been rationalizing their operations in the face of deregulation and increased competition. They are also selling some of their "short-line" operations to smaller companies, which are also building new lines, especially in northern natural resource areas.

Both of the major railway companies have increased capacity to move freight between southern Ontario and Michigan by expanding tunnels and implementing "double stack" technology. CN and CP have also established alliances with, or have purchased, American rail companies. As a result, the two companies have now significantly extended their infrastructure on a continent-wide basis.

MARINE TRANSPORTATION

Canada's marine transportation system encompasses ocean ports on the Atlantic, Pacific and Arctic Oceans as well as extensive inland waterways. More than 300 commercial ports and harbours handled 361 million tonnes of cargo in 1995.

About 20 percent of marine cargo volume moves through the port of Vancouver, which is Canada's largest port and the main terminal serving the Pacific Rim. In the east, shipments are handled at ports in Montreal, Halifax, Port Cartier, Sept-Îles/Pointe Noire, Saint John and Quebec. These six ports handled about one-third of 1995 marine cargo traffic. Modern container facilities at major ports ensure rapid onward transportation by land. Montreal is the country's leading container port, accounting for 44 percent of international container traffic in 1995.

The most important inland waterway is the St. Lawrence Seaway, a direct route by which ocean shipments can reach into the industrial heart of North America. The seaway gives shippers access to major Canadian and American cities including Montreal, Toronto, Thunder Bay, Buffalo, Detroit, Chicago and Duluth.

AIR TRANSPORTATION

Canada has more than 1,300 airports, which handled more than 26 million passengers in 1995, including

15 million international passengers. Twenty-six major airports comprise the National Airport System, and ten of them are international airports. The largest, Pearson International Airport in Toronto, handles 900 flights per day.

Responsibility for the national airports have been transferred to local "airport authorities" as part of the federal government's commercialization policy. The airport authorities can levy improvement fees on passengers, and this revenue has been used to carry out major improvements at some of the country's largest airports. The major airports also have efficient cargo handling systems, supported by computerized tracking systems linked directly with customers and logistics companies.

Air Canada and Canadian Airlines International account for more than 85 percent of the industry's operating revenues. In 1995, they transported approximately 400,000 tonnes of cargo. Each has a network of affiliated carriers that operate feeder services to regional hubs. There are a few other major independent carriers, and a large number of small carriers offering both regular and charter services.

INTERMODAL TRANSPORTATION

Facilities for intermodal traffic have been modernized and expanded. Container traffic is the primary form of intermodal service, although the movement of truck trailers on flat cars is also common. The two major railways have inaugurated a double-stack container service at Halifax and Vancouver that are as much as 25 percent less expensive to operate than conventional container trains.

Containers can be easily off-loaded at rail terminals and loaded directly onto highway flatbeds for immediate delivery to final destinations. This is more efficient than "piggybacking," where the truck trailer is hauled by a flatbed rail car. Canada is also a world leader in the use of self-unloading technology, which minimizes the time and cost of unloading bulk goods.

LOGISTICAL SERVICES

Canadian exporters often engage specialized companies such as customs brokers and freight forwarders to assist with their transportation needs. Customs brokers provide advice on international trade issues, including tariffs and insurance. Freight forwarders consolidate shipments from several sources to take advantage of volume discounts, and assist in other activities such as route planning and arranging insurance coverage. Canadian shippers also benefit from a nation-wide system of warehouses licensed and bonded by the federal government. They offer such services as on-site customs inspection, bar-coded handling and after-hours clearance. Some large companies have been formed to integrate a variety of logistical services.

NORTH-SOUTH CONNECTIONS

The Canadian transportation system is heavily influenced by the large flows of goods across the border with the United States. Since the Canada-US Free Trade Agreement (FTA) was expanded into the North American Free Trade Agreement (NAFTA) in 1994, Mexico has also been added to this highly integrated continental system.

About one-third of the revenues of the for-hire trucking industry and the two major railways are derived from shipments to or from the United States. The railways have coordinated Canada-Mexico freight services through agreements with the Mexican state railway and with American railways and barge lines. Canada is also served by several American railways, including Burlington Northern, Norfolk Southern and Conrail.

North-south air connections have expanded greatly under the 1995 "Open Skies" agreement between Canada and the United States. The market between the two countries will be fully open in 1998. Already, more cities are being served, connections have been improved and there is more competitive pricing. Six Canadian airports have American customs pre-clearance, a major convenience for international passengers.

Mississauga – Leading Business Location in the Greater Toronto Area

When you arrive at the international airport in Toronto, you have actually landed in the City of Mississauga. Surprising to many, but true! Pearson International Airport is right in Mississauga – one of the many benefits that make Mississauga a favoured business location for multinational companies.

There are many other reasons to locate your business here. Among them:

- Not only is the airport accessible, but five major expressways traverse the City. These provide fast and convenient connections with the USA (Buffalo – 90 minutes, Detroit – 3.5 hours) and with all other parts of the Greater Toronto Area and Canada. There are 125 million consumers in two countries within one day's trucking distance of Mississauga. Under the North American Free Trade Agreement (NAFTA), Mississauga manufacturers are major exporters to the U.S. market.
- Eight of Canada's largest and most respected universities and 10 technical colleges lie within commuting distance. This means an educated work force – from PhD's to qualified technicians – as well as convenient facilities for special training programs and continuing education. This is one reason for the outstanding success of so many of Mississauga's companies.
- The City itself has been run like a business for many years. The result is the most efficient large city administration in the country with low realty and business taxes and first class municipal services. In fact, the City is debt-free with many millions of dollars held in reserve for future needs.



Not surprisingly, more than 19,000 companies of all sizes and from widely diverse business sectors are prospering in this environment. Many of these companies located in Mississauga within the past decade. We asked some executives from these companies what they thought of Mississauga. They were delighted to tell us.

Mr. Robert Gordon, President, Oracle Corporation Canada Inc.

Oracle Canada is a subsidiary of California-based Oracle Corporation, the second largest and one of the fastest-growing software companies in the world, specializing in data base software. Oracle Canada moved to Mississauga from downtown Toronto in 1993 to accommodate rapid expansion.

"In Mississauga, we are just minutes away from the airport, which is a great advantage for us. As well, the tax savings, the excellent highway connections and the quality of the work force make this the best place to do business in the Toronto area."

Brian Donovan, General Manager, Robert Allen Fabrics (Canada) Inc.

Robert Allen Fabrics, a subsidiary of U.S.-based LifeStyle Furnishings International Ltd., is a distributor of upholstery and drapery fabrics, with showrooms in Montreal, Toronto and Vancouver. The Canadian head office including the call centre for customer service and credit, was moved to Mississauga from Montreal in 1994.

"We not only found a great location in Mississauga close to Highway 401 and minutes from the airport, but we were amazed at the City's no-nonsense way of doing business, particularly the low taxes and the lack of red tape. Not only that, we thought we'd have a problem in hiring bilingual (French-English) staff to run the call centre. No problem. We could have had dozens of different languages if we'd needed them. And what a great place to live – a low crime rate and beautiful neighbourhoods with everything nearby. We sure made the right choice."

Lifestyle

Quality of living in Mississauga is important because it is a major reason why Mississauga has been able to attract such a high quality resident work force. Located on the western edge of Metropolitan Toronto, Mississauga is no small town.

Its current population of 580,000 is expected to grow to 740,000 at maturity. Mississauga is also one of thirty municipalities that make up the Greater Toronto Area, which has a population of 4.5 million.

Lifestyle amenities and cultural opportunities are everything you would expect in a large cosmopolitan urban area with the added advantage of personal safety. Per capita crime statistics are a fraction of those experienced in most cities of this size.

Seven scenic waterfront parks and outstanding marina facilities are located along the fourteen km of shoreline on Lake Ontario. Residents and visitors enjoy boating and water sports, including "big game" charter fishing for giant salmon and trout on Lake Ontario.

Mississauga's Business Community Had More to Say

John Gates, General Manager, Sunbeam Corporation Canada Inc.

Sunbeam Corporation is a subsidiary of the U.S.-based manufacturer of household appliances. The company moved its Canadian head office and distribution centre to Mississauga from Toronto in 1994, seeking a more efficient distribution function and lower operating costs.

"Moving to Mississauga was an important step in making needed improvements to our bottom line. It costs less to do business here as we make substantial savings on taxes and electricity compared to our previous location. By remaining in the Toronto market area we retained our existing employees and have a great work force to draw on as we expand."



Mr. Paul Lucas, President and CEO, Glaxo Wellcome Canada Inc.

U.K.-based Glaxo Wellcome moved its Canadian corporate headquarters to Mississauga in 1991 from Toronto to accommodate future growth and consolidation. Construction began on a new manufacturing and R&D facility in 1992, opening in 1997. This new facility is a world leader in paperless, automated processing systems for the pharmaceutical industry. Other Canadian production facilities in Toronto and Montreal will be consolidated in this location.

“Glaxo Wellcome is pleased to be located in Mississauga for several valuable business reasons: a 64 acre (26 hectare) site that allows for plenty of room for future expansion; competitive tax rates; and proximity to highway, rail and air transportation. As part of the world’s largest pharmaceutical company, we have built a leading edge manufacturing and drug development facility here that has global production mandates and will supply North American and Canadian health care needs for many years to come.”



Mr. Ichiro Joh, President, NTN Bearing Corporation of Canada Ltd.

The NTN Corporation of Japan, recognizing the growth potential for its products in Canada, established a Canadian subsidiary in the Toronto area in 1968 to distribute its line of exceptional quality bearings. Demand for NTN products grew quickly and a plant was established in Mississauga in 1973 to manufacture roller and ball bearings. A substantial plant expansion came on line in June 1995 to meet continued growth in demand for NTN products mainly from the OEM automotive industry. NTN's Mississauga location is less than one hour's trucking distance from Ford, GM, Honda, Toyota, Chrysler and Cami (GM/Suzuki) assembly plants.



“Perhaps the largest single factor in our successful manufacturing growth in Mississauga is our ability to steadily expand our output to meet increasing demands while maintaining very exacting quality standards. At first we were concerned as to whether a locally-hired work force could meet these standards, but we were pleased to be proven wrong. Now the most complex overhauls and maintenance of precision equipment are carried out by our Canadian staff.”

A Truly Multicultural Environment

Canada's immigration policies in recent decades have resulted in many cultures and languages sharing this vast land. The results have been dynamic as highly skilled, highly motivated people settled in major cities, including Mississauga. In our city alone, more than 30% of residents have a mother tongue other than English or French. Today our businesses and population as a whole benefit from the enlightening effect of cultural diversity. From Mississauga, companies service clients in countries around the globe in their own languages.

Mr. Frank Chau, Director, Mississauga Chinese Centre

Starting with a vacant industrial mall, the builders turned what was a very ordinary collection of buildings into a stunning architectural masterpiece housing oriental retailing and service businesses. The developers insisted on authenticity, to the point of bringing artisans and materials from China to construct the beautiful replicas. This authenticity has made the Centre a major tourist attraction. It is also a profitable location for its tenants almost all of whom have immigrated to Canada within the past 10 years, established businesses and succeeded.

"Mississauga is perhaps unique in the Toronto area in the way the City and its people welcome immigrant entrepreneurs. Here, Chinese families live in modern neighbourhoods and their children attend public schools in harmony with all Mississauga residents. As well, Chinese language education is available right in Mississauga. People from Asia have been very successful in establishing and growing their businesses in this hospitable environment."



Succeed in the City of Excellence

Major multinational corporations find that all the factors that make for business success are abundantly available in Mississauga. So do national and local businesses, including those just starting out. And especially technology-based businesses. Not only has Mississauga become a major location for Canadian head offices but it is now one of Canada's top technology centres.

In information technology, close to 700 companies, including Oracle Corporation, manufacture hardware or software, undertake research and development, or maintain head office, distribution or training operations in Mississauga.

Mississauga is also Canada's leading location for biomedical companies like Glaxo Wellcome, with almost 300 firms now here and more arriving annually. Similarly, many automotive parts manufacturers like NTN Bearing have established their businesses in the "City of Excellence".

Your Company's Future

Location, low taxes and utility costs, state-of-the-art telecommunications infrastructure in all business parks, an educated work force, room to grow (more than 6,000 acres or 2,500 hectares available to be developed for business purposes), an educational system geared to the needs of business, and pleasant, safe residential neighbourhoods in a tolerant multicultural environment. Success has become part of the local culture.

Come and be part of our community of business leaders. Build your company's future in the "City of Excellence".

For a detailed information package, call the Mississauga Economic Development Office at (905) 896-5016. In North America, 1-800-456-2181. Fax: (905) 896-5931. For a quick overview, visit our web site at: <http://www.city.mississauga.on.ca>

The clearance of cargo traffic is also expedited by modern systems. Revenue Canada has a program that combines electronic data interchange and bar-coding technology to speed up border clearance. Regular shippers can arrange pre-clearance for their goods. The United States government has similar programs, includ-

ing one that expedites clearance at the United States-Mexico border. Canadian and American authorities are cooperating in the use of Automatic Vehicle Identification technology to speed the movement of truck traffic between the two countries.

Need information on canadian locations?

It's easy with BDI.

Business Development Information Inc. is Canada's leading research centre for business location data.

Up-to-date, standardized, non-biased data

- We can provide data on labour cost and quality, taxes, transportation, industrial and commercial land, energy, and more for communities across Canada.

Customized community comparisons

- We can develop studies with illustrative business scenarios based on the needs of your industry.

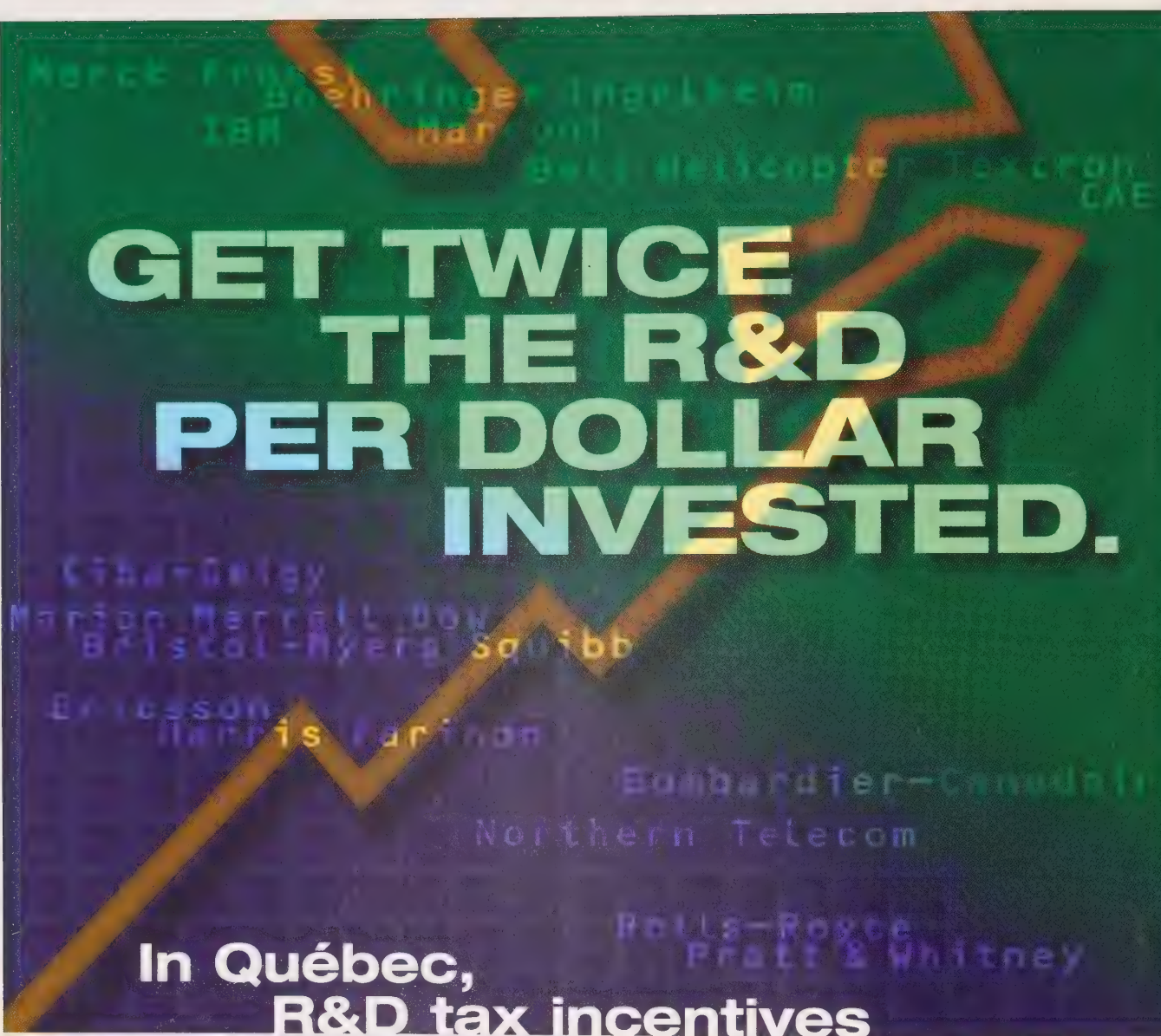
Quality assurance

- We take great care to gather data from reliable primary sources and ensure that data definitions and methodologies conform to industry standards.



Unlock the Power of Information

Call BDI at 1-800-565-1552
or 1-902-494-2860
or visit our web site at:
www.infobdi.com



GET TWICE THE R&D PER DOLLAR INVESTED.

**In Québec,
R&D tax incentives
are among the most
generous in the world!**



Key indicators point to Québec as one of the most receptive hosts in North America for high-technology industries: a well-educated, highly competent, reliable work force; a

dynamic network of research centers; and an impressive concentration of multinational corporations, manufacturing for the North American and global markets.

Outstanding R&D tax incentives complete this picture. With deductions and credits, a \$100 R&D investment in Québec costs only \$47 on average. If the research is carried out through one of Québec's excellent universities or other registered research institutions, the cost can be as low as \$34. And you don't need to turn a profit to take advantage of these incentives.

Discover Québec's fiscal incentives and explore new opportunities. For more information, fax or mail this ad along with your business card to the following address:

**Québec Government
Investment Services**

770 Sherbrooke St. West, 7th floor
Montréal, Québec
Canada H3A 1G1
Telephone: (514) 982-3013
Fax: (514) 873-4503

Technology prospers in Québec.

Québec 

CHAPTER 15 – RESEARCH AND DEVELOPMENT (R&D)

Canada's R&D environment is among the most favourable in the world. Corporations, universities, hospitals and government entities operate a large number of modern laboratories staffed by a large pool of highly qualified researchers. On a per capita basis, the number of researchers is comparable to other advanced industrialized countries. These assets constitute an impressive R&D infrastructure.

The private sector is the most important performer of R&D while corporate R&D spending rose by 41 percent between 1990 and 1995. Business now accounts for about 62 percent of all R&D, estimated at \$12.6 billion for 1996. Another 22 percent is conducted by institutions of higher learning, and 12 percent is done by the federal government.

THE R&D TAX INCENTIVE SYSTEM

Canada's extensive R&D infrastructure has developed partly because of a system of tax incentives that many experts regard as the most generous of any industrialized country. There are two principal measures at the federal level: the R&D expense deduction and the R&D tax credit.

The expense provision allows an immediate and full deduction from taxable income for all current and capital expenditures that are fully or substantially devoted to R&D. The system is liberal in its definition of eligible expenditures. R&D capital expenditures can be written off immediately, and the company also has the option of

Gross Domestic Expenditures on R&D by Performing Sector, 1996

	Millions of Dollars*	Percentage
Federal government	\$1,558	12.4
Provincial government	\$283	2.3
Business enterprise	\$7,768	61.8
Higher education	\$2,775	22.1
Private non-profit organizations	\$180	1.4
Total	\$12,564	100.0

* Figures represent spending intentions for 1996.

Source: Statistics Canada, "Total Spending on Research and Development in Canada, 1971 to 1996," *Service Bulletin: Science Statistics*, Vol. 20, No. 6, Catalog 88-001-XPB, September 1996.

carrying forward indefinitely any unclaimed portion of those expenditures.

The federal scientific research and experimental development investment tax credit is another powerful incentive for R&D-intensive companies. It provides a tax credit of 20 percent of net qualifying expenditures. In other words, for every dollar of eligible R&D expenses, the company is reimbursed 20 cents. Investment tax credits may be used to offset federal taxes payable. If the full amount of the credits is not used in the current year, the balance may be carried back three years or forward for 10 years. Corporations operating in Canada have recently been claiming more than \$1 billion annually in R&D tax credits.

In addition to these federal incentives, six provinces offer an R&D tax credit that can be used to offset provincial taxes payable.

INDUSTRIAL R&D

Canadian companies have responded to the demands of increasingly knowledge-based world markets by spending more in R&D. This can be seen in the rapid rise in overall business sector R&D activity, measured both by expenditures and the number of R&D personnel.

Growth is especially strong in industries dependent on advanced technologies. The country's nine leading telecommunication products companies collectively spent \$2.7 billion on R&D in 1995, 34 percent more than the year before. Pharmaceuticals and transportation equipment companies are also prominent R&D spenders. High-technology clusters have developed in Ontario, Quebec, Alberta and British Columbia, where they serve key high-technology industries. These provinces account for almost 90 percent of Canada's R&D.

This supportive environment has motivated many foreign-owned companies to establish Canadian subsidiaries with R&D mandates for North America or the world. IBM, Digital Equipment Corporation, Glaxo Wellcome, Amdahl, Siemens, Pratt & Whitney and DuPont are among those with research centres and product development facilities in Canada. About half of the top 100 corporate R&D spenders in Canada are foreign-owned.

UNIVERSITY R&D

Universities have always been an essential element in Canada's R&D infrastructure. In 1993 they employed almost 40,000 R&D personnel. Basic research conducted at universities has advanced scientific knowledge and provided the foundation for applied R&D focused on commercial applications. New government funding will enhance that role.

The private sector has sharply increased its support for university-based research, which doubled between 1991 and 1995 to reach nearly \$300 million. The establishment of technology development offices at universities will enhance this trend towards increasing corporate support.

In spite of increased support from business, the federal government is still the largest external source of grants for university R&D. The Natural Sciences and Engineering Research Council (NSERC) contributed \$406 million in 1995-1996. The other major sources of federal government R&D support for the universities are the Medical Research Council and the Social Sciences and Humanities Research Council. Together, their 1996-1997 fiscal year contributions are expected to total almost \$300 million.

In 1997, the federal government reconfirmed its funding commitment to university R&D with the announcement of the new Canada Foundation for Innovation. This initiative is expected to lead to a total of \$2 billion in capital spending to modernize laboratories at research hospitals, universities and colleges. Special emphasis will be given to health, the environment, science and engineering.

FEDERAL GOVERNMENT R&D

The federal government's R&D capabilities are spread across a large number of departments and agencies. The government employs roughly 14,000 R&D personnel, of which 5,700 are scientists and professionals in the natural sciences and engineering.

The National Research Council (NRC) is the government's premier research agency that employs about 2,500 people engaged in R&D, of which 1,100 are scientists and other professionals. Its Industrial Research Assistance Program (IRAP) provides technical assistance to companies through a national technology network. This program includes facilities, equipment, technologists, and funding for collaborative research projects. The objective is to offer industry the means to commercialize the latest technical knowledge, inventions and scientific know-how.

PROVINCIAL GOVERNMENT R&D

Provincial governments were expected to conduct \$280 million in R&D in 1996, about 2 percent of the

national total. A large part of the provincial effort is coordinated by entities known as Provincial Research Organizations (PROs). These organizations conduct research for the provincial government and for the private sector. They are especially focused on small- and medium-sized enterprises that lack in-house R&D capability. They are particularly effective in transferring technology from the laboratory to production.

Seven provinces have established PROs. The most active is the Alberta Research Council, followed by Quebec's *Centre de recherche industrielle du Québec*, and Ontario's ORTECH Corporation. Together, these three organizations accounted for 70 percent of the PROs' expenditures on R&D in 1994.

R&D COLLABORATION

Canada's R&D community is placing increased emphasis on collaborative efforts among business, university and government researchers. Initiatives include the development of national R&D networks as well as higher priority for closely focused, industry-specific projects. Collaborative R&D consortia have coordinated multidisciplinary efforts to develop technologies for "intelligent systems" in such areas as integrated manufacturing and personal communication systems.

To stimulate nationwide collaborative research, the federal government has established the Networks of Centres of Excellence. They bring together some of Canada's foremost researchers with the goal of increasing research

expertise and improving industrial competitiveness. Each network is a unique collaboration of top research teams from across the country. There are currently 14 such networks providing access to more than 500 of Canada's leading researchers. Several concentrate in the areas of health sciences, telecommunications and electronics.

A crucial element in the expansion of collaborative research is the electronic "information superhighway." Canada's prominence in communication technology will greatly facilitate increased cooperation among R&D performers.

QUALITY OF THE R&D INFRASTRUCTURE

The people who actually conduct R&D are in the best position to judge the quality of its infrastructure. A survey of Canadian and foreign-owned firms conducted by the Conference Board of Canada in 1994 asked them for their opinions. About half of the respondents considered Canada's government and university facilities to be on a par with, or superior to, their counterparts in the United States.

Evert Communications conducted a similar study in 1996 for the Department of Foreign Affairs and International Trade. It found that the calibre of R&D personnel is the strongest attraction for foreign-owned multinational corporations to conduct R&D in Canada. Canada's physical R&D infrastructure was also cited as one of the more important factors.



Join A Winner!

World leader Lovat has shipped to over 350 tunnelling projects in 20 countries spanning 6 continents.

How come Etobicoke?

"Canada's major highways, downtown Toronto and Pearson International Airport are only minutes away."

"Everything we need is right here!"

To find out more call
Rick Field, Etobicoke Business
Development Director at
416-394-8237

or visit our web site at
**[www.busdev.city.
etobicoke.on.ca](http://www.busdev.city.etobicoke.on.ca)**



CITY OF
ETOBICOKE



CHAPTER 16 – FINANCIAL SERVICES

Canada's financial system provides a stable and effective infrastructure for conducting business within the country and around the world. An independent central bank administers an anti-inflationary monetary policy and expedites inter-bank operations. Chartered banks and trust companies provide deposit, credit and payment services. Stock exchanges and investment dealers handle securities sold to the public. Insurance companies offer protection against a wide range of financial risks. Specialized financial services providers round out this sophisticated system, which employs more than 500,000 Canadians.

THE BANK OF CANADA

The Bank of Canada is the country's central bank. It is chartered by the federal government, and independently conducts the usual central bank functions including the issuance of currency. It provides services to the government by honouring government cheques and issuing securities. It operates in foreign exchange markets to stabilize the dollar.

The Bank of Canada also governs monetary policy. The bank's anti-inflation policies are guided by an inflation target band to protect the value of Canadian currency. A principal purpose of this target band is to make the bank's monetary actions more understandable to financial market participants and to the general public.

The "bank rate" is regarded as a key indicator of monetary policy. This is the rate at which the central bank makes overnight loans to chartered banks. It is widely used by major money market participants as a basis for their own short-term transactions.

CHARTERED BANKS

Canada's banking system has had a long history of stability. The health of the Canadian banking system was ranked first in the world by the World Economic Forum's *Global Competitiveness Report* in 1997.

Nine domestic banks are chartered and regulated by the federal government. The six largest banks, all domestically owned, had assets of close to \$1 trillion in 1996. The chartered banks provide deposit facilities, money transfer services, credit and a variety of investment services.

Canada's financial regulations allow branch banking, and the major domestic banks have highly developed networks totalling about 8,000 branches. There are also almost 13,000 automated teller machines in operation. Canadian banks are also very active in foreign markets. In 1995, foreign currency assets comprised close to one-third of all bank assets.

Foreign banks are active in Canadian financial markets, with 43 subsidiaries and 37 representative offices. These operations provide wholesale banking services and business lending rather than retail operations.

Canada's Domestic Banks, 1996

Assets in \$ billions

Royal Bank of Canada	218.0
Canadian Imperial Bank of Commerce	199.0
Bank of Montreal	169.8
Bank of Nova Scotia	157.3
Toronto-Dominion Bank	125.6
National Bank of Canada	53.1
Total Six Largest Banks	922.8

Source: Annual Reports.

TRUST AND LOAN COMPANIES

Trust and loan companies are mainly incorporated under federal law. The key federal statute governing their activities is the *Trust and Loan Companies Act*. These institutions take deposits and offer loans: in some respects, they compete with chartered banks.

There are 48 trust and loan companies incorporated at the federal level, of which about half are owned by chartered banks. Many of them specialize in making loans secured by mortgages. Trust and loan companies are considerably less active internationally than banks. In 1995, the share of total business originating outside Canada was 12 percent.

INSURANCE COMPANIES

Insurance companies sell annuities and issue policies for life, health, property and casualty insurance. There are about 140 life and health insurance companies and about 230 property and casualty insurance companies operating in Canada.

Life insurance companies are active in financial markets. They manage segregated investment funds, including pension funds. They are not permitted to take deposits, but they compete with banks and other financial institutions in the provision of medium- to long-term financing.

Property and casualty insurance companies underwrite property, liability and various other kinds of non-life insurance. These companies require liquid assets and generally deal only in readily marketable securities.

GOVERNMENT FINANCIAL INSTITUTIONS

Government financial agencies are mainly focused on providing assistance to small- and medium-sized enterprises. They complement rather than compete with private sector institutions, typically by providing loan guarantees. The most important federal financial institutions are the Business Development Bank of Canada (BDC) and the Export Development Corporation (EDC).

The BDC provides loans, loan guarantees, export financing and venture capital as well as management counseling and training. It operates mainly through strategic alliances with some of Canada's leading banks. New loans to Canadian companies were valued at more than \$1 billion in 1996.

The EDC has a mandate to help Canadian companies to become more competitive in export markets. It provides a wide range of financial and management services, including export credit insurance, sales financing and export guarantees.

VENTURE CAPITAL FUNDS

Venture capital is available in Canada through labour-sponsored investment funds, private firms, government-assisted funds and other sources. In 1996, venture capital providers invested a record \$1 billion in 526 companies, up sharply from \$616 million in 1995. Technology companies are the most popular sector for venture capital investment, accounting for 63 percent of recipients in 1996.

INVESTMENT DEALERS

Investment dealers locate investors for companies seeking capital. The investment dealer may underwrite a new public offering, or it may handle private placements on an agency basis. The latter approach usually involves

Major International Securities Firms with Offices in Canada, 1995

ABN AMRO Capital Markets Canada Ltd.	BNP (Canada) Valeurs Mobilières Inc.
Bunting Warburg Inc.	BZW Canada Ltd.
Citibank Canada Securities Ltd.	CS First Boston (Canada) Inc.
Daiwa Securities Canada Ltd.	Dominick & Dominick Securities Inc.
Goldman Sachs Canada	Hong Kong Bank Discount Trading Inc.
HSBC Capital Canada Inc.	Lehman Brothers Canada Inc.
McLean McCarthy Inc.	Merrill Lynch Canada Inc.
Mirabaud Canada Inc.	J.P. Morgan Securities Canada Ltd.
Morgan Stanley Canada Ltd.	The Nikko Securities Co. Canada Ltd.
Nomura Canada Inc.	Refco Futures (Canada) Ltd.
Salomon Brothers Canada Ltd.	Smith Barney Canada Inc.
Yamaichai International (Canada) Ltd.	

Source: Investment Dealers Association of Canada.

placing corporate securities with private individuals or corporations. Securities legislation is less stringent with respect to private placements than it is with public issues.

There are about 170 investment dealers operating in Canada, including subsidiaries of major foreign companies. Members of the Investment Dealers Association of Canada (IDA) account for more than 95 percent of all securities transactions in Canada.

STOCK EXCHANGES

The Toronto Stock Exchange (TSE) accounts for more than 80 percent of the country's trading activity. The TSE is the second most active stock exchange in North America and the tenth most active in the world. Smaller stock markets are located in Montreal, Vancouver and Calgary, and there is a commodity exchange in Winnipeg.

Listing a corporate stock on one of these exchanges is relatively straightforward but each stock exchange has its own rules for new listings. Canadian listing requirements are generally similar to those of the stock exchanges in the United States.

Corporations also raise capital by issuing bonds and debentures. Investment dealers usually handle the underwriting and distribution of these securities. An "over-the-counter" secondary market ensures liquidity for purchasers.

REGULATORY ISSUES

Both the federal and provincial governments regulate aspects of the financial services sector. The federal government is exclusively responsible for the regulation of banks. The principal federal regulatory institutions are the Department of Finance, the Bank of Canada, the Office of the Superintendent of Financial Institutions, and the Canada Deposit Insurance Corporation. The provinces regulate stock exchanges, securities dealers and markets located in their jurisdictions, and play a role in regulating all other financial services providers except banks.

Regulatory reforms introduced in 1987 and 1992 have removed many of the boundaries between the traditional branches of the financial service sector. Banks, trust and loan companies, investment dealers and insurance companies are now allowed to develop new products and in many cases compete with each other by establishing or acquiring subsidiaries in the other financial services sectors. Banks and trust companies can now serve the market for securities and other types of investment. All the banks now own securities firms, trust companies and/or insurance companies.

Legislation implementing some reforms and policy statements promising further measures were introduced in February 1997. The legislation was passed on 30 June 1997. Banks that do not take retail deposits may now opt out of Canada Deposit Insurance Corporation coverage.

There is more flexibility for financial institutions to form joint ventures. Access to capital for mutual insurance companies has been enhanced.

According to the February 1997 policy statement, foreign banks are to be allowed to establish branch banks. These proposals are being discussed in the context of World Trade Organization negotiations for a global agreement on financial services.

Overall, the reforms have significantly increased competition for financial services. Financial institutions are developing more convenient and innovative products, as well as offering more attractive prices. Further reforms will await the final report of the federal government's task force on the industry and its regulation, which is not due to report until September 1998.

CHAPTER 17 – ENERGY

Canada is a net exporter of energy. Abundant reserves and efficient production and processing facilities, combined with a sophisticated distribution system, ensure a steady supply of low-cost energy throughout the country. Most forms of energy are available in every part of Canada. Natural gas is the only significant exception, since it is not yet available in the Atlantic Provinces or in sparsely populated northern regions.

Canadian companies can choose between several forms of energy. Petroleum is the largest component of demand, accounting for 39 percent of total energy consumption. Natural gas provides another 28 percent, followed by coal with 12 percent. Hydroelectric and nuclear power meet 11 percent and 4 percent of overall needs, respectively while the remaining 6 percent comes from wood, peat, solar and wind sources.

With only a few exceptions, Canadian energy prices are lower than in other G7 countries. Prices vary among types of users and their specific locations, so it is difficult to provide precise international comparisons to illustrate Canada's substantial cost advantages. Prospective investors can easily obtain more precise information for specific locations and energy choices.

ELECTRICITY

With excess supplies of electricity, Canada is one of the world's largest net exporters of electrical energy. Installed generating capacity at the end of 1994 was 114 gigawatts,

making Canada's electricity industry the seventh largest in the world. In 1995, total gross production was more than 536,000 gigawatt-hours.

To ensure reliable supply to all customers, Canada's electric utilities maintain capacity well above projected peak demand. In 1994, the overall reserve margin was 18 percent, ranging from 8 percent in British Columbia and Prince Edward Island to 39 percent in Manitoba.

To further guarantee supply, Canada's electrical utilities are interconnected. This allows any region to purchase electricity to meet temporary excess demands. There are 36 major interconnections between provinces, providing a transfer capability in excess of 10,000 megawatts. There are also interconnections with several utilities in neighbouring American states.

Canada's electrical distribution system covers vast distances and many lines pass through remote areas where severe weather can interrupt service. In spite of these challenges, the system's reliability ranks very favourably by international standards. Service is particularly reliable in populated areas. For example, in 1993, customers of Edmonton Power, which serves a large municipality, encountered interruptions of only 17 minutes during the entire year. In the same year, Ontario Hydro, which serves a huge area with many rural customers, averaged only 25 minutes of interruption per customer.

Canada has some of the lowest electricity prices of any industrialized country. In April 1996, National Utility Service (Canada) Ltd. conducted a survey of industrial and commercial electricity users in 15 countries. Only South Africa had lower prices. The rate in Canada was between 30 and 40 percent below the average in the UK, the United States and France, and less than half the rate in Belgium, Italy, Germany and Spain.

Electricity Rates by Province, 1996

Cents per kilowatt-hour, including taxes

Province	Commercial	Industrial
Newfoundland	10.30	6.18
Prince Edward Island	11.75	8.14
Nova Scotia	10.75	6.95
New Brunswick	9.63	5.97
Quebec	9.40	5.54
Ontario	11.30	8.45
Manitoba	7.38	4.78
Saskatchewan	11.28	8.23
Alberta	8.58	5.71
British Columbia	6.73	4.99
Canada	9.57	6.56

Notes: Based on a selected city in each province; based on monthly consumption of 25,000 kwh for commercial users, 400,000 kwh for industrial users.

Source: Energy Resources Branch, Natural Resources Canada.

OIL

Canada is the world's tenth largest producer of oil and natural gas liquids. Production averages close to 400,000 cubic metres per day. The nation recorded 1,259 million cubic metres of oil reserves in 1995, of which about 70 percent were located in the province of Alberta.

Most crude oil is transported by pipeline from Alberta to refineries near Vancouver, Sarnia and Montreal. For logistical reasons, refineries in the Atlantic region import their crude oil: such imports are more than offset by crude oil exported from the west. The new Hibernia field offshore from Newfoundland should produce its first oil in 1997, creating a new source of energy for eastern Canada.

Canada's refineries use about 80 percent of their installed capacity. The major integrated oil companies and numer-

ous local distributors compete on an open market for these products. Canadian refineries have adequate excess capacity and inventories to serve the domestic market, and are net exporters of petroleum products. When it is logistically advantageous, these products can be easily imported from the United States. Canada's prices for oil products are low when compared with those of most other industrial countries.

Oil Product Prices in Selected OECD Countries, September 1996

Cents per litre, including taxes

Country	Gasoline	Heating Oil
United States	46.6	33.8
Canada	58.1	37.9
United Kingdom	133.1	34.9
Germany	145.8	46.3
France	167.6	60.4
Italy	170.2	127.3

Source: Statistics Canada and Natural Resources Canada, *Energy Statistics Handbook*. Catalog 57-601, December 1996.

NATURAL GAS

Canada is the world's third-largest natural gas producer, with reserves of 1,899 billion cubic metres. Alberta produces approximately 80 percent of marketable production, which reached 148.1 billion cubic metres in 1995. About half of this production is exported to the United States, whereas the rest is transported by an extensive pipeline system to markets as far west as Vancouver Island and as far east as Quebec City.

A competitive market has emerged after the deregulation of the industry in 1985. Buyers can deal directly with producers or marketers, being no longer dependent on the pipeline companies for their supply. The gas industry closely monitors supply and demand in Canada and the United States to ensure that supplies are on hand to meet peak demand. New storage facilities have been constructed to balance seasonal fluctuations and further ensure reliable supply. About one-third of natural gas consumption comes from underground and liquefied natural gas storage facilities.

Natural Gas Prices in G7 Countries, 1995

\$ per 107 kcal; gross calorific value basis

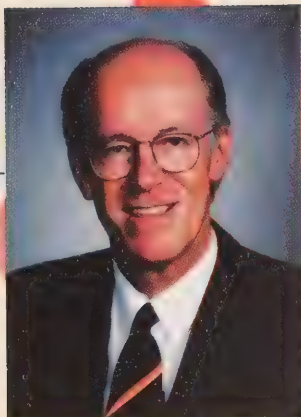
Country	Industry	Households
Canada	69.8	162.2
United States	101.9	232.8
United Kingdom	127.1	336.7
France	161.0	500.5
Italy	173.7	666.3*
Germany	184.8*	476.8
Japan	490.4	1,410.7

* 1994 prices.

Source: International Energy Agency, *Energy Prices and Taxes*, Second Quarter 1996.

The price of natural gas varies depending on the type and term of contract between the user and the distributor.

According to statistics published by the International Energy Agency, the cost of natural gas in Canada is approximately 30 percent lower than in the United States. Moreover, the cost is more than 60 percent lower than in Germany, and a fraction of the cost in Japan.



Markham Mayor
Donald Cousens

MARKHAM

Your Connection to a Brighter Future

From fibre optics to the latest in laptop computers, people are developing and working on the cutting edge of technology right here and now in the Town of Markham.

In fact, the Town's designation as the High-Tech Capital of Canada is no idle claim. Over 700 high technology firms have chosen to locate here, including IBM, Apple, Digital Equipment of Canada (DEC), Sun Microsystems, ATI Technologies, GEAC, Xebec Imaging, Saville Systems, Newstar Technologies and many others.

Yet, it's not only technology...it's everything from financial institutions to service industries, a wide range of companies in different sectors which have helped not only to expand but diversify Markham's local economy. Just look at some of the other corporations which have opened head offices here... American Express, Allstate Insurance, Liberty Health, A.C. Nielsen, Exco Technologies, Polygram, Lego, Timex, Pioneer, Toshiba, etc.

In the past year, these prominent companies have been joined by other newcomers -- occupying an additional 2.0 million square feet of office and industrial space in 1996 and an additional 750,000 square feet in the first 6 months of 1997.

But enough name-dropping. What is it about Markham that attracts national and international companies? Who better to explain than Mayor Don Cousens, a founder of Canada's oldest Technology Association.

"Our strategic location serves us well...our low tax rates are attractive...and our dedication to client service is outstanding. All contribute greatly to our appeal to firms looking to re-locate or launch a new branch," says Mayor Cousens proudly.

"If you are interested in Canadian and North American markets, the Economic Development Office can assist you in many ways," comments Markham's Director of Economic Development, Stephen Chait. "We can help search for appropriate real estate, identify a joint-venture partner, or facilitate technology transfers. Our services are free of charge and your inquiry will be treated with the utmost of confidentiality and discretion."

Markham is all about productive partnerships and working together to benefit everyone...bringing together the companies and people who are helping to build a prosperous and successful community in Markham and in Canada.



Contact Stephen Chait,
Director of Economic Development
Tel (905) 475-4871 Fax (905) 479-7764
E-mail: edoinfo@city.markham.on.ca
Web Site: www.city.markham.on.ca

SECTION 4 – SIX SECTORS OF OPPORTUNITY

The business environment and infrastructure described in the previous sections of this handbook provide a sound base for any business. They ensure that Canadian-based companies can conduct their operations efficiently and competitively, and market their products around the world.

These advantages apply to all types of business, regardless of the industry involved. Nonetheless, Canada's human resource, education, and research and development (R&D) assets are especially appealing for companies in the knowledge-based industries. Outstanding tax advantages are backed up by a superb R&D infrastructure

to make Canada the best place in the world to conduct R&D.

This section highlights opportunities in a few selected industries which are well positioned to expand rapidly from a Canadian base and to prosper in global markets. Information is provided for six industries: medical devices, information technology, semiconductors, advanced manufacturing technologies, pharmaceuticals and agri-food. These are only the most obvious examples. There are attractive opportunities for investors throughout the Canadian economy.

CHAPTER 18 — MEDICAL DEVICES

INDUSTRY OVERVIEW

The medical devices industry manufactures products for diagnosis, monitoring and therapy, excluding drugs and medicines. Major market components include surgical instruments, monitors, medical imaging equipment, assistive devices, diagnostic equipment, implants, dental equipment, medical lasers and medical-surgical supplies. Emerging products include information management systems for health care providers and products for home health care. Sales totalled \$1.65 billion in 1993.

Approximately 800 companies comprise the Canadian medical devices industry. They include a mix of large multinational corporations and small- and medium-sized firms. Roughly three-quarters of all firms in the industry are Canadian-owned. Canadian subsidiaries of foreign-owned multinationals are generally large and were originally formed as branch plants to supply the Canadian market, with few supporting R&D capabilities. Smaller, more versatile enterprises with innovative products are increasingly challenging them. Specialized companies, focused on niche products with global potential, are beginning to drive this industry. Many of them export half or more of their production.

The dominance of the large multinationals has kept the overall level of R&D low, averaging only about 2 percent of sales. But some smaller firms spend 20 percent or more of sales on R&D.

Medical-surgical supplies are the most important component of Canada's production of medical devices. Commercialization of technologically advanced products is creating several new markets:

- cardiovascular devices;
- diagnostic equipment and software systems;
- robotics;
- miniaturized instrumentation;
- microprocessor-based products;
- medical imaging and brain mapping techniques;
- biomaterials; and
- information systems.

Many Canadian-based companies are actively seeking strategic alliances abroad to help develop these and other emerging products. They are looking for joint R&D, development of new markets and access to investment capital.

RESEARCH AND DEVELOPMENT (R&D)

Canadian medical research enjoys an outstanding international reputation. Throughout this century, Canadian scientists have made many pioneering discoveries in both diagnostics and treatment. Recently, they have made important discoveries in biomedicine, immunology, gene therapy, and cancer diagnosis and treatment. The level of research necessary to support these achievements has made health care Canada's second-largest R&D spender, after telecommunications.

LONDON, ONTARIO



THE BEST OF BOTH WORLDS

Can you be part of a dynamic, well-connected business community and still raise your family in a safe and peaceful environment? The answer is yes, in London, Ontario.

A recent study by KPMG Management Consulting concluded that the cost of doing business in London is competitive with four equivalent American cities and the lowest for software development. "We have no difficulty convincing people that London is a great place to live," says Mayor Dianne Haskett, "but it's also important to make a strong business case. We now have the numbers to make that case."

HEALTH COMES FIRST

London is a North American leader in health care and medical research. The city is home to three major teaching hospitals, the University of Western Ontario Faculty of Medicine, the John P. Robarts Institute (Canada's largest privately-funded medical research facility) and several other research institutes. It is an international centre for research and treatment in the areas of stroke, organ transplantation and epilepsy surgery. Investigators continue to advance human knowledge in areas such as AIDS, Alzheimer's, gene therapy and advanced medical imaging. The health sector in London employs 22,400 and contributes \$1.1 billion to the local economy.

This strength gives rise to unique opportunities for economic development and growth. Technology transfer is fostered by the University Research Park, already home to more than 20 companies and organizations.

A CONNECTED COMMUNITY

The telecommunications infrastructure in London matches or surpasses that available in New York, Atlanta, Boston and Chicago. With its diverse and well-educated labour force, the city has become Canada's leading call centre site, with over 1,000 telemarketing agents.

London's advanced telecommunications infrastructure provides the base for LARG*net, an ATM/fibre optics-based network serving London's medical, educational and research community. A further development, LARG*health, is designed to create a community-based record of care that links health care providers through electronic communications.

TRADITIONAL STRENGTHS AND NEW IDEAS

London has been a major regional business centre since the mid-nineteenth century. Today the business community is anchored by several national and multi-national industries and companies, including Canada Trust, London Life, Kellogg's, 3M, CAMI, Siemens, General Motors and Labatt's.

The vibrant manufacturing sector will receive a boost when the National Research Council establishes its new Integrated Manufacturing Technologies Institute at the Research Park. Says Walter Petryschuk, Director of the new centre: "We will enhance the whole corridor's ability to attract investment, because manufacturers will perceive that there's a real nucleus of capability to help them problem solve."

Building on the broad and mature economic base, the city has become a hotbed for software development and environmental technology companies.

IN THE MIDDLE OF EVERYTHING ...AND ROOM TO GROW

London is just two hours from Detroit and Toronto, on the major highway linking Canada's industrial heartland to the American northeast. It is within eight hours drive of over 150 million people. Regular rail service connects it with both Canadian and American destinations and London's international airport offers over 70 flights a day.

Due to a major 1993 annexation, London has a plentiful supply of land in various stages of development, as well as an inventory of available buildings.

EFFECTIVE CITY MANAGEMENT

In 1992, London was selected by a national business magazine as Canada's best run city. The magazine cited low taxes, low crime rate, excellent road and public transit systems, and an effective, modern police force. A 1995 national magazine survey praised London for the quality of health care and high standard of water treatment and waste management.

The city's Economic Development Office maintains a comprehensive data base of local market information, suppliers, labour and utility costs, tax rates and industrial and commercial sites, and is ready to assist any business.

LIFELONG LEARNING

The University of Western Ontario is one of Canada's premier universities, with a student enrolment of more than 25,000. Fanshawe College offers more than 85 career-specific programs in the applied arts and technology, as well as providing customized training tailored to the needs of local business. Almost half of working Londoners have received some post-secondary education.



THE LIVING IS EASY

London is famous for its shady boulevards, lush parks and charming Victorian architecture. While respectful of the past, London is a modern, vibrant city with plentiful, reasonably-priced housing, good schools and a low crime rate. Londoners enjoy great shopping, restaurants, a world class convention centre, a professional theatre, a community symphony orchestra, an extensive community library system, and many other lifestyle advantages. Mark Pickard, Vice-President and General Manager of Sparton of Canada, a London electronics manufacturer, says local companies have no difficulty attracting high quality employees. "London is seen as one of the best cities to live in. It offers everything—it's a small town with family values, but it's also a large city for entertainment purposes."



L O N D O N F A C T S

Population	330,000
Area	16,638 hectares
Londoners with second language	51,545
Average household expenditures	\$45,829
Labour Force	192,000
Municipal credit rating (Moody's)	Aaa
Per capita retail sales	\$7,000
Average house price (detached bungalow)	\$146,000
Land zoned industrial	436 hectares
Number of hotel/motel rooms	2,767
Cost of suburban Class A Office space per square foot	\$16

For further information,
contact the City of London
Economic Development Office,
11th Floor, 300 Dufferin Avenue,
P.O. Box 5035, London,
Ontario, Canada, N6A 4L9
Tel. (519) 661-4545
Fax (519) 661-5331
e-mail webmaster@city.london.on.ca

Canada has a solid health care R&D infrastructure. It has been estimated that universities account for 54 percent of health care R&D expenditures. Industry conducted 21 percent of this, followed by hospitals and medical research centres with 19 percent. There are more than 100 clinical trial facilities in universities, hospitals and independent organizations across the country.

A variety of collaborative mechanisms are used to ensure that research at universities and research centres leads to new products created by industry. Many of the smaller medical device companies were established specifically to commercialize the results of university-led R&D. Links between companies, universities and hospitals have also facilitated the development of prototypes, clinical testing and final design. Governments are encouraging such cooperation through funding programs and support for networks and consortia.

FEDERAL FUNDING

The federal government has several funding programs to assist private companies in health-related research, testing and product development. Three key organizations lead this effort.

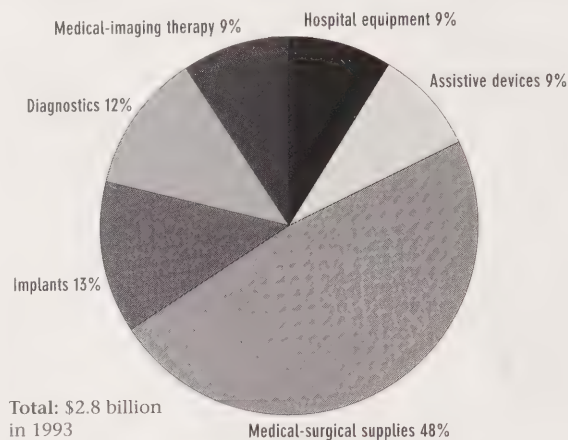
The National Research Council (NRC) provides funding through its Industrial Research Assistance Program (IRAP). The Medical Research Council has programs that help defray some of the direct costs of university-based biomedical research. The Natural Sciences and Engineering Research Council promotes university-based research in the sciences and engineering.

PROVINCIAL PROGRAMS

Provinces, either on their own or in cooperation with the federal government, also provide support for medical device R&D.

- Ontario has established several Centres of Excellence to foster cooperation between industry and universities. Some have assisted in the development of new products and services in the medical devices industry.

The Canadian Market for Medical Devices



Source: Medical Devices Canada, Canadian Medical Devices Industry: *Annual Survey of Industry Production Trends*, 1993.

- The Government of Quebec, through its Ministry of Industry, Commerce, Science and Technology, has an industrial support program for medical devices.
- The Science Council of British Columbia played a role in the creation of the Medical Devices Development Centre, a consortium that includes a hospital, universities and private sector companies.
- Alberta offers a Technology Commercialization Program that assists companies with the transfer of innovative ideas, including health-related products and processes, into the marketplace.

COMPETITIVE ADVANTAGES

STRONG DOMESTIC DEMAND

Canadians expect high-quality health care. Demand for medical devices is fourth highest in the world on a per capita basis. In absolute terms, Canada is among the 10 largest national markets in the world, with estimated sales of \$3 billion in 1995. Domestic companies supply about 40 percent of the market.

About half of the market is for medical-surgical supplies. The other half is divided more or less equally into five

categories: medical-imaging therapy, implants, hospital equipment, diagnostics and assistive devices.

AN EXCEPTIONAL BASE FOR EXPORTING

The United States accounts for more than 40 percent of the world market for medical devices, and much of the demand is met by imports. In 1993, the total value of imports of medical devices into the United States was estimated at US \$5 billion.

About one third of Canadian production of medical devices is exported and roughly 60 percent of exports are destined to the United States. Tariffs on all Canadian exports to the United States will be eliminated by 1998. Under the NAFTA, tariffs on imports into Mexico will be phased out over a 10-year period beginning 1 January 1994.

HIGH-QUALITY HUMAN RESOURCES

The Canadian medical devices industry employs almost 20,000 people. The industry has the advantage of access to a large pool of well educated and experienced professionals. The high priority that health care receives in Canada has engendered a strong interest in research in medical devices.

Thirty-nine Canadian universities have undergraduate programs in engineering and applied sciences, and 35 offer master's and doctoral degrees in these fields. There are 16 universities with medical faculties, and 14 of them offer specialized training in biomedical engineering.

COMPETITIVE LOCATION-SENSITIVE COSTS

A comprehensive 1996 study of business costs in Canada and the United States by KPMG Canada included a model medical devices facility for producing electro-mechanical equipment. The study found that each of the 13 Canadian cities had lower location-sensitive costs than the 10 selected locations in the United States. Lower overall labour costs were the main reason. In its 1997 study, KPMG Canada added 15 cities in 5 European

countries and found that in the medical devices industry, Canada still had the lowest overall location-sensitive costs.

AN EFFICIENT REGULATORY ENVIRONMENT

Regulations for health care products are the responsibility of the Health Protection Branch of Health Canada. These regulations protect the health and safety of Canadians, but they are designed to do this efficiently, without creating disadvantages for producers relative to their competitors in other countries. To a large extent, the federal government works through voluntary compliance and consultations with industry. It is also striving to harmonize the Canadian system with international regulatory requirements.

Canada's regulatory environment encourages exports. Canadian-based production destined for export must comply with the standards and regulations of the importing country but is not subject to Canadian regulations. This has fostered a strong export orientation among the smaller Canadian-owned firms in the industry.

Several foreign-based multinationals have also recognized the benefits of Canada's regulatory environment relative to that of the United States. Companies, such as Everest & Jennings, Medtronic, Johnson & Johnson, and Mallinckrodt, have given export mandates to their Canadian subsidiaries.

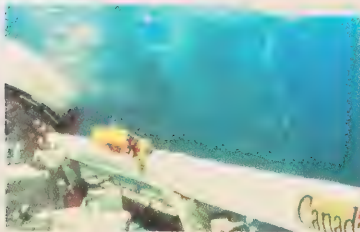
OUTLOOK

The medical devices industry is greatly influenced by cost-cutting efforts within the health care sector. There is increasing demand for more cost-effective products, and innovative approaches to health care delivery. The aging of the population is also creating strong demand for medical products and services, especially as the "post-war baby boomers" begin to enter their fifties. Similar trends are occurring in the United States, the world's largest medical devices market. Companies located in Canada are in an excellent position to develop and market new medical devices for sale throughout North America.

A STATE OF THE ART LOCATION



Chrysler's world class assembly facility continues to be a Brampton showcase for the production of the Intrepid, Concord, Vision and LHS vehicles.



Spar's CANADARM is a Canadian success story made in Brampton.



Brampton's population over the next 20 years will more than double.

With a resident population of 4.5 million people, a workforce of approximately 2.9 million people generating 40% of Ontario's gross domestic product, greater Toronto is an economy of international significance.

Strategically situated in this economic powerhouse, immediately north of Lester B. Pearson International Airport, is the City of Brampton.

Brampton contains approximately 7,000 businesses representing a workforce of approximately 100,000 people. Over 30% of Brampton's workforce is employed in manufacturing activities. With over 61 million square feet of industrial building space, Brampton has emerged as a key industrial location in Greater Toronto.

"Managing change in a competitive economic environment is a fundamental principle inherent in Brampton's New Economic Development Plan".

Mayor Peter Robertson

Immediate proximity to Canada's largest International Airport; a diverse supplier network; major exposure and accessibility provided by Highway 407, Highway 410, Highway 427 and

Highway 401; a large, young and highly skilled labour pool; and a low cost operating environment are the cornerstones of Brampton's attractive economic position.

The Brampton economy generates two major activities: exports to the international marketplace and consumption of consumer manufactured products in domestic markets.

Brampton products, such as: Chrysler's LH Family of vehicles; SPAR's Aeronautic equipment; Nortel's telecommunication technology; Siemens Energy Automation Equipment; Bacardi-Martini's beverage production; Brampton Brick's state of the art product facility; Armbr's Road Construction techniques/services and other major industrial products are sold throughout the world. Brampton's economy is driven by the innovation and technology emerging from its key industries.

Another important driver in our economy is the domestic market in greater Toronto, Ontario and rest of Canada. A significant proportion of goods producing firms in Brampton serve the personal consumption patterns and habits of not only the 4.5 million people in Toronto but also the rest of Canada. Consequently, Brampton's strategic central location in Canada's largest populated centre provides an excellent economic advantage.

Modern Infrastructure

A glimpse into the future reveals that Brampton has the servicing capacity, land supply, infrastructure characteristics and quality of life attributes to reach 300,000 by 1998 and double its existing population by 2018. Today, Brampton is the 15th largest City in Canada and among the fastest growing. Brampton is expected to be one of the ten largest in Canada by 2021.

"Our Location, Labour Force, Employment and Infrastructure Advantages will Drive Brampton into the Next Century."

Dennis Cutajar

Director Economic Development Office

The world's largest infrastructure project currently under construction is known as Highway 407.

This 69 kilometre state of the art highway represents the third east-west transportation ring through North America's 8th largest city-region. Brampton is the main beneficiary of this highway. With approximately 23 kilometres located in the City of Brampton, we are building a key economic development enabler. Through our Official Plan, we have identified key business park locations across the north and south sides of Highway 407. These business parks will become signature locations attractive to all types of industry.

Brampton also recognizes the importance of building state-of-the-art telecommunications infrastructure to serve its business and resident communities. A community integrated electronic highway will manifest through our own local program called "Brampton Gets Wired". We are undergoing an economic transformation characteristic of only the major urban economies in Canada and the United States.

For a detailed prospectus of the business opportunities available in Brampton, please contact the Economic Development Office; or visit us on-line at www.city.brampton.on.ca.

Ready for takeoff

BRAMPTON

1-888-381-BRAM

Economic Development Office
2 Wellington Street West
Brampton, Ontario, Canada L6Y 4R2

CHAPTER 19 — INFORMATION TECHNOLOGY

INDUSTRY OVERVIEW

The information technology (IT) industry is the world's fastest-growing economic sector. Revenues are expected to exceed \$3.2 trillion by the year 2000. The Canadian share of this market is estimated at 3 percent.

The information technology sector employs more than 300,000 people in some 15,000 firms across the country. Gross output was almost \$64 billion in 1995, an increase of more than 17 percent from 1994. The IT industry is responsible for 37 percent of total research and development (R&D) in Canada. It is highly trade-oriented, with almost three-quarters of shipments exported.

The most dynamic segments of the IT industry are telecommunication products, the Internet and computer-telephony integration.

TELECOMMUNICATION PRODUCTS

Globally, the market for telecommunication products was estimated at US \$168 billion in 1995, up from US \$100 billion in 1990. Growth over the next decade is projected at roughly 8 percent per year. To a large extent, this market is being driven by developing countries, which are in the process of upgrading their communication infrastructure. At the same time, the developed countries are undertaking large capital

expenditures for advanced telecommunication networks so they can compete in the increasingly information-based economy.

Canada's telecommunication products industry is recognized as a leader in the development and application of new products. The industry consists of more than 300 companies employing almost 46,000 people. It is concentrated in Ontario, Quebec and British Columbia. Revenues reached \$11.6 billion in 1994, representing 21 percent of total IT industry revenues. With an average annual growth of 9 percent since 1988, telecommunication products manufacturing is one of Canada's fastest-growing industrial sectors.

Three Canadian companies are ranked among the world's largest 50 telecommunication products vendors. They include Northern Telecom (7th), Newbridge Networks Corporation (35th) and Mitel Corporation (50th). Northern Telecom (Nortel) is the largest by far, with 65,000 employees worldwide and global revenues of almost \$11 billion. A second tier of about 30 companies have established solid reputations in world markets. They include Newbridge, Mitel, MPR Teltech, Glenayre, Eicon and SR Telecom. Rounding out the industry are more than 250 small firms with specialized capabilities and niche products sold domestically and abroad.

THE INTERNET

The Internet's rapid growth is having a profound effect on the IT industry. There are approximately 40 million Internet users worldwide and by some estimates, as many as 250 million people will have access to the Internet by 2000. A Statistics Canada survey found that 3.6 million Canadian households (31.6 percent of the total) had home computers as of May 1996 and 7.4 percent of households had access to the Internet. These figures do not include users who access the Internet from work, school or other public institutions.

Internet businesses do not fit neatly into traditional IT industrial classifications. A recent study by Yorkton Securities Inc. identified five distinct Internet business types, categorized by the products or services they supply.

1. Internet service providers (ISPs) specialize in connecting users to the Internet backbone.
2. Infrastructure and equipment providers install the Internet transmission backbone and lease telephone lines to ISPs.
3. Software developers and vendors create applications to enable video and text browsing, publishing and electronic commerce on the Internet.
4. Content providers develop images and text published on the Internet.
5. Security providers find solutions to security risks involving networks of personal computers.

Canadian Internet suppliers are active in all these areas and in some cases are leading global suppliers. They range from large diversified companies such as Nortel, Newbridge Networks Corporation, and Corel Corp. to small- and medium-sized, niche-market companies. A list of Canadian suppliers of hardware and software products for the Internet can be found at the Canadian Internet Product Showcase website at <http://www.canadait.com>.

COMPUTER-TELEPHONY INTEGRATION

Companies working in the computer-telephony integration (CTI) field develop new products, services and integrated systems for information management in a multimedia environment. This industry is in the early stages of development, with a global market of roughly \$450 million in 1994. But industry analysts estimate that it will reach \$8 billion by the end of the century. This high growth potential creates a broad range of opportunities for partnerships between Canadian CTI companies and foreign firms.

The Government of Canada has developed a special program for the industry called the Canadian CTI Initiative. Its objectives are to demonstrate the strengths of the Canadian industry, position it within the global market, attract international investment to Canada and facilitate strategic alliances. More than 60 companies are participating.

A few notable areas of Canadian expertise include the development of "call centre" systems technologies, data-conferencing products, voice and data integration products, and real-time operating systems for PC-based telephony applications.

No single company will dominate the market or provide complete CTI solutions on its own. The industry includes some of Canada's larger manufacturers of telecommunication products, but also many smaller, niche companies. For all of them, joint ventures, partnerships and strategic alliances will be key to future success.

RESEARCH AND DEVELOPMENT (R&D)

Canada's extensive R&D infrastructure includes a number of specialized components that underpin the information technology sector. The federal and provincial governments actively support alliances between university, government and corporate researchers. These alliances ensure that Canada will remain in the forefront of global developments in communications. (Canada's general R&D capabilities are described in Chapter 15.)

THE CANADIAN NETWORK FOR THE ADVANCEMENT OF RESEARCH, INDUSTRY AND EDUCATION

The communication backbone for Canada's national research community is provided by CA*net, which links regional networks in all provinces. The Canadian Network for the Advancement of Research, Industry and Education (CANARIE) builds on this basic infrastructure by providing a national high-speed network for R&D and educational users. Several other broadband initiatives are now underway at the regional and local levels. For example, OCRInet will make available an all-fibre ATM-based network for industry, university and government R&D centres in the National Capital Region.

NETWORKS OF CENTRES OF EXCELLENCE

More than 500 of Canada's top researchers are linked through the Networks of Centres of Excellence. Two of the networks are conducting advanced communication research.

- The Canadian Institute for Telecommunications Research focuses on broadband and wireless communications.
- The Microelectronic Devices, Circuits and Systems for Ultra Large Scale Integration (Micronet) ties together research in devices, circuits and systems.

IT RESEARCH ALLIANCES

Several other alliances have been established across the country among university, industry and government researchers in IT-related fields.

- The BC Advanced Systems Institute is a non-profit foundation supported by industry, academia and government. It specializes in advanced systems disciplines such as artificial intelligence, robotics, computer science, telecommunications and microelectronics.
- Telecommunications Research Laboratories conducts research in the fields of photonics, wireless communications and network access.

- The Alberta Research Council evaluates materials for electronics and telecommunications.
- The Canadian Centre for Marine Communications specializes in marine communication equipment, systems and services.
- The Pre-Competitive Applied Research Network (PRECARN) is a national consortium of Canadian private and public sector organizations. Its mission is to promote awareness of intelligent systems.
- The National Optics Institute researches optical systems, optoelectronics in the visible and infrared ranges, vision systems and image analysis techniques.
- The *Centre de recherche industrielle du Québec* studies signal processing for video, television and teledistribution, voice compression and noise correction.
- The *Centre de recherche informatique de Montréal* is committed to high-level R&D in the field of advanced computer science technology.
- The Canadian Strategic Software Consortium collaborates on the development of technologies for text-intensive applications.
- The Optical Processing and Computing Consortium has a mission to accelerate the development of competitive applications in optoelectronic systems.
- The Centre of Expertise and Services in Applications of Multimedia ties together firms and organizations involved in telecommunications, software, audio-visual and mass media ventures.
- New Media North is focused on the development of a centre of excellence spanning the fields of content creation, production technology, and networked multimedia services.

University Industrial Research Chairs

University of Alberta	fibre optic communications
University of Victoria	radio-frequency engineering
Simon Fraser University	applied artificial intelligence and knowledge-based systems
University of Calgary	wireless communications
McMaster University	microwave signal processing
Carleton University	high-speed integrated circuits
<i>Institut national de la recherche scientifique</i>	personal communications
McGill University	digital systems design and photonic systems
Université Laval	optical communications

UNIVERSITY RESEARCH

A number of universities are deeply involved in research in IT disciplines and have established industrial research chairs in specialized fields.

GOVERNMENT RESEARCH FACILITIES

The federal and provincial governments conduct a range of IT research and development (R&D). For example, the National Research Council's Institute for Information Technology supports industry-oriented research. Its areas of expertise include software engineering, visual information technology, interactive information and integrated reasoning. The federal government also operates the Communications Research Centre, which specializes in communications technologies including devices and components.

COMPETITIVE ADVANTAGES

A RECEPTIVE DOMESTIC MARKET

Canadian telecommunication service providers and their end users are major customers for emerging technologies and services. Canada has one of the highest telephone penetration rates in the world. Nearly all of Bell Canada's local- and long-distance telephone trunk lines are digital. Optical fibre, digital switching and wireless communications have advanced rapidly.

A HIGHLY-SKILLED LABOUR FORCE

With one of the most advanced, yet affordable, education systems in the world, Canadian universities and technical colleges graduate over 30,000 engineers, computer

scientists and technicians every year. Many of them go directly into the labour force while others continue at university, participating in leading-edge research. In 1993, Canada had 9 of the top 20, and 19 of the top 40 electrical engineering schools in North America.

ACCESS TO FOREIGN MARKETS

An alliance with a Canadian IT company guarantees access to North America's burgeoning IT market. Under the North American Free Trade Agreement (NAFTA), Canada, the United States and Mexico joined to form the world's largest free-trade zone. Almost all tariffs on IT products and services in these countries have been removed or will be phased out by 1999.

In telecommunications, the Canadian government has sought to negotiate mutual recognition agreements for equipment tests and certification. As well, Canada participates in international organizations which promote foreign trade. They include the World Trade Organization (WTO), the Asia-Pacific Economic Cooperation (APEC) forum and the Inter-America Committee on Telecommunications. Canada also participates in international standards bodies such as the International Telecommunication Union.

As a member of the WTO, Canada is a signatory to the recently negotiated agreement to eliminate tariffs on IT products by 2000 and is pursuing a similar agreement on telecommunication services, an area not covered fully under the FTA and the NAFTA.

COMPETITIVE LOCATION COSTS

In its annual studies of location-sensitive costs, KPMG Canada has found that it is less expensive to do business in Canada than in the United States. Two of the seven industries examined in the 1996 study are telecommunications manufacturing and software production. Of the cities and regions used for comparison, the study found that location-sensitive costs in these two industries were significantly lower in Canada than in the United States. In its 1997 study, KPMG Canada added 15 cities in 5 European countries and found that Canada still had the lowest overall location-sensitive costs in these two industries.

A LIBERAL REGULATORY ENVIRONMENT

The federal government has introduced greater competition and encouraged foreign investment by liberalizing the regulation of the IT industry. In 1992, Canada opened the long distance telecommunication market to full competition. And in 1994, the Canadian Radio-Television and Telecommunications Commission (CRTC) established a comprehensive framework for an open and dynamic communication sector. Today there is no area of the domestic telecommunication market that is restricted to a monopoly provider.

The telecommunication sector is now less regulated in Canada than in the United States. The result has been a growing presence of multinational enterprises in the Canadian IT Industry. The percentage of the telecommunication market held by Canadian suppliers fell from 72 percent in 1981, to 48 percent in 1994.

ENHANCED INTELLECTUAL PROPERTY PROTECTION

Canada's enhanced intellectual property laws include specific protection for the products of the IT sector.

Individuals can apply for the exclusive right to the design or "topography" of an integrated circuit. These rights protect the design for a 10-year period. Software programs are protected by patent within Canada and the United States for 20 years. At the moment, these software patents are not recognized by European or Japanese patent laws. Canada is a signatory to the Trade-Related Aspects of Intellectual Property Rights agreements concluded during the latest (Uruguay) round of negotiations under the General Agreement on Tariffs and Trade (GATT).

INDUSTRY LINKAGES AND STRATEGIC ALLIANCES

Strong links between sectors and companies underlie Canada's continuing success in the IT sector. The telecommunication products industry benefits from its close relationship with the electronic parts and components industry, as well as the software sector. Strategic alliances with firms in Internet-related industries are also prevalent.

OUTLOOK

The prospects for Canadian information technology products are exceptionally strong. There is considerable room for growth for well-established enterprises as well as for small, emerging firms with highly specialized products. All benefit from Canada's superb R&D infrastructure and human resources in addition to some of the most generous R&D tax incentives of the industrialized world. These advantages will keep Canadian IT companies at the forefront of the most advanced technologies. And with continuing access to the huge North American market, Canadian-based companies are in an excellent position to participate in the world's fastest-growing industry.

CHAPTER 20 — SEMICONDUCTORS

INDUSTRY OVERVIEW

Electronic components is one of Canada's most dynamic industrial sectors. The sector shipped \$4.7 billion worth of products in 1995, an increase of 22 percent over the previous year. In constant dollars, output increased nearly fourfold between 1988 and 1995.

The sector's products include semiconductors, printed circuits, connectors, capacitors, resistors, switches, relays, transformers, and inductors among many others. These components are used in the manufacture of a broad range of consumer, industrial and defence products.

Microelectronics and semiconductors is the largest industry in this sector, accounting for about half of electronic component output. The industry includes about 50 companies. Their products include complementary metal oxide silicon (CMOS) integrated circuits, silicon bipolar integrated circuits, application-specific integrated circuits, and various compound semiconductors.

Including research, design and engineering staff, the semiconductor industry employs about 6,000 people. The industry is concentrated in the Ottawa area, but it also has a significant presence in the provinces of Quebec, British Columbia and Alberta.

Canada imports about three-quarters of its semiconductor needs. Domestic production comes largely from in-house facilities operated by major semiconductor users. About two-thirds of production is for in-house consumption, with about 25 percent going to export markets, mostly in the United States. The rest is sold in domestic markets.

Four large companies dominate the industry.

- Northern Telecom Ltd. (Nortel) manufactures semiconductor products in-house to supply the worldwide needs of its parent and subsidiary companies. Its capabilities include the fabrication of submicron, very large-scale integration (VLSI) wafers.
- Mitel Corporation operates a CMOS fabricating facility, which produces more than 600 different products. Roughly 20 percent of its \$88 million worth of semiconductor production was allocated to in-house needs in 1996.
- IBM Canada has a world-class facility for the packaging of integrated circuit products.
- Gennum operates the only bipolar silicon fabrication facility in Canada.

The rest of the industry is composed of smaller companies specializing in niche products or design services. This includes Bell Northern Research, which runs a small, captive gallium arsenide related alloys (GaAs) production facility. Newbridge Microsystems and Genesis Microchip are the most prominent of several firms that market other company's semiconductor products.

RESEARCH AND DEVELOPMENT (R&D)

The semiconductor industry is heavily dependent on on-going investments in manufacturing facilities and R&D. Firms dedicated to semiconductor design and production invest around 20 percent of their total revenue in R&D.

Canada has a well-developed research infrastructure to support these needs, which is described in Chapter 15. These assets include substantial resources devoted to microelectronics and semiconductors. Thirty-two universities across Canada undertake research in these areas.

The activities of university, government and industry researchers are linked through several collaborative research programs focused exclusively on microelectronics.

- The Canadian Microelectronics Corporation facilitates the design and testing of integrated circuits designed by 32 universities and 15 industrial members. More than 2,700 designs have been fabricated since 1984. It operates under an annual federal government grant.
- Micronet is part of Canada's Networks of Centres of Excellence. It focuses on microelectronic devices, circuits and systems for ultra large-scale integration. It supports research at nine major universities, which involves more than 70 senior researchers and 250 graduate students. It also has 16 industrial members and 5 from government.
- The Institute for Microstructural Sciences is part of the National Research Council (NRC), a federal government entity. The institute undertakes research in advanced electronic devices, optoelectronics and photonic materials. It has some 100 researchers and technicians.
- The Communications Research Centre is a federal government entity, which undertakes research on new microelectronic devices and circuits. It is particularly focused on devices using compound semiconductors such as GaAs and gallium aluminum arsenide (GaAlAs).
- The Alberta Microelectronics Centre provides services to industry and educational institutions involved in advanced electronic technologies. It is funded by the Alberta government. It designs and fabricates silicon chips, and undertakes research. Areas of expertise include silicon micromachining for sensors and process modelling of thin film properties.
- Ortech International is an Ontario government initiative that undertakes microelectronics research. Its areas of expertise include research on electronic materials, including thin-film semiconductors for gas sensors, sensor packaging and integration.
- The Optoelectronics Consortium is a government-industry collaborative organization focused on integrated optoelectronics research. Its current program is focused on gallium arsenide but will eventually move to indium phosphide technology. Facilities are located within the Institute of Microstructural Sciences of the NRC.
- The Strategic Microelectronics Consortium is a not-for-profit corporation that facilitates networking and collaboration across the entire microelectronics community. In particular, it provides a national focus for industry strategic planning and liaison with the federal government. Member companies range from subsidiaries of multinationals to small startups. The consortium works closely with the Canadian Microelectronics Corporation and Micronet.

Canadian Universities with Research Capabilities in Microelectronics

University of Alberta	<i>Université du Québec à Chicoutimi</i>
University of British Columbia	<i>Université du Québec à Montréal</i>
University of Calgary	<i>Université du Québec à Trois-Rivières</i>
Carleton University	<i>Université Laval</i>
Concordia University	Queen's University
<i>École Polytechnique de Montréal</i>	University of Regina
<i>École de technologie supérieure</i>	Royal Military College
University of Guelph	University of Saskatchewan
Lakehead University	<i>Université de Sherbrooke</i>
McGill University	Simon Fraser University
McMaster University	Technical University of Nova Scotia
Memorial University of Newfoundland	University of Toronto
<i>Université de Montréal</i>	University of Victoria
University of Manitoba	University of Waterloo
University of New Brunswick	University of Western Ontario
<i>Université d'Ottawa</i>	University of Windsor

COMPETITIVE ADVANTAGES

AN ATTRACTIVE TAX REGIME

Canada's favourable tax treatment of R&D makes it less expensive to invest in semiconductor production. Canada provides one of the most generous R&D tax incentive systems among industrialized countries. These incentives are available to any corporation performing R&D in Canada, including Canadian subsidiaries of foreign-based firms. Foreign corporations that contract R&D to a Canadian firm can also benefit from these incentives through lower costs.

WORLD-CLASS HUMAN RESOURCES

Canada's highly developed educational infrastructure has produced a growing pool of skilled scientists, engineers and technicians needed by semiconductor firms. Thirty-nine universities have undergraduate programs in engineering and 30 grant doctoral degrees. In addition, more than 200 community colleges graduate more than 15,000 technicians and technologists annually. In 1993, nine Canadian electrical engineering programs were ranked in the top 20 in North America and 19 in the top 40.

LOW LOCATION COSTS

A 1996 study by KPMG Canada found that it is less expensive to establish and operate a semiconductor fabrication facility in Canada than in the United States. The study compared seven Canadian and five American cities. It focused on location-sensitive cost factors which represent 35 percent of total 10-year operating costs. The study found that average location-sensitive costs for Canadian cities are 5.3 percent below the average for American cities. For the type of dynamic random access memory (D-RAM) facility which was modelled, this amounted to a savings of \$21.6 million per year.

ACCESS TO THE NORTH AMERICAN MARKET

Canadian exports to the United States have shown considerable growth since the signing of the FTA in 1989. The NAFTA, which came into force on 1 January 1994, extended the free market area to include nearly 400 million consumers. Under the WTO Information Technology Agreement, duties on computers, software, semiconductors and telecommunication equipment will be eliminated by 1 January 2000. In addition, the NAFTA includes clear rules of origin for preferential tariff treatment that make it advantageous for semiconductor firms outside

North America to develop and manufacture their products in the region.

ENHANCED INTELLECTUAL PROPERTY PROTECTION

Canada is a signatory to the Paris Convention on the Protection of Industrial Property. Canadian patent law gives the inventor the right to exclude others from making, using, or selling an invention in Canada for 20 years. In addition, the *Integrated Circuit Topography Act* provides individuals with the exclusive right to the design or "topography" of integrated circuits for ten years.

OUTLOOK

The global semiconductor industry is growing rapidly because its products are finding increasing applications in consumer, industrial and defence products. Companies located in Canada are in an excellent position to participate in this growth.

According to a report in the December 1996 issue of *Semiconductor Quarterly*, Canadian semiconductor revenue was expected to grow by 25 percent in 1996. Worldwide, the semiconductor market is projected to grow from \$150 billion in 1995 to \$350 billion in 2000.

CHAPTER 21 – ADVANCED MANUFACTURING TECHNOLOGIES

INDUSTRY OVERVIEW

Advanced manufacturing technologies (AMTs) increase the flexibility, productivity and consistency of the manufacturing process. A variety of computer hardware and software technologies are used to improve and integrate the entire production process from design to warehousing. Computer-aided design (CAD) systems are linked with computer-controlled machines to provide more precise control over the manufacturing process and facilitate “flexible” manufacturing. Advanced quality control systems ensure a consistent product, with fewer rejects, while just-in-time (JIT) inventory management combined with automated warehousing reduces distribution costs.

These techniques are revolutionizing the manufacturing process and increasing the competitiveness of Canadian producers. They both shorten the design and production cycles, and allow smaller lot sizes. Similar techniques are also being applied to process control in the extractive industries, transportation and utilities.

AMTs are especially suitable to Canadian industry because of the country’s relatively small and dispersed markets. In 1994, the Canadian market for AMT was \$3.6 billion, of which \$2.8 billion was imported. More than two-thirds of imports come from the United States, Japan and Italy, with Germany providing most of the rest.

The Canadian AMT sector has grown rapidly. With more than 500 establishments, shipments in 1994 totalled \$2.7 billion. Canadian AMT products have been in strong demand in export markets, especially in the United States, China and Germany. Of the \$1.9 billion in exports in 1994, almost three-quarters went to the United States.

AMT companies are found in all of Canada’s regions, but about 80 percent of shipments come from those located in Ontario, with the remainder coming from British Columbia and Quebec. The Canadian industry has succeeded in a market dominated by large competitors from other countries by focusing on high value-added products and niche markets. Canadian AMT companies generally invest between 3 to 5 percent of sales in R&D. They also benefit from a large pool of skilled technical workers. As a result, value-added per employee rose by 28 percent to \$92,000 between 1990 and 1994.

RESEARCH AND DEVELOPMENT (R&D)

Canada’s extensive R&D infrastructure includes a number of specialized industrial automation components that support the AMT sector. (Canada’s general R&D capabilities are described in Chapter 15.)

INSTITUTE FOR ROBOTICS AND INTELLIGENT SYSTEMS

The Institute for Robotics and Intelligent Systems (IRIS) is one of Canada's Networks of Centres of Excellence. IRIS brings together some 150 principal researchers at 23 Canadian universities, 13 industrial firms, 2 hospitals and 4 other research agencies. The Institute focuses on R&D in intelligent systems. Its areas of expertise include intelligent computation, human-machine interfaces, machine sensing and actuation, and integrated systems.

IRIS collaborates with Canada's other major AMT research organizations. One of them is Pre-Competitive Applied Research Network (PRECARN) Associates Inc., a consortium of 37 companies and agencies, which undertakes collaborative, pre-competitive R&D in the field of intelligent systems. Together, IRIS and PRECARN have allocated \$65 million to AMT research over the 1996 to 2000 period.

Research fellows of the Canadian Institute for Advanced Research lead many of the PRECARN and IRIS programs. These fourteen world-class researchers provide the core expertise for the PRECARN and IRIS research programs as well as the leadership required for program management.

NATIONAL RESEARCH COUNCIL (NRC)

The NRC has considerable AMT research capabilities. Four of the NRC's 17 research institutes are part of the Manufacturing Technologies Group. These institutes collaborate with Canadian industry within their areas of expertise.

- The Integrated Manufacturing Technologies Institute has four core areas of expertise: enabling software systems, intelligent production systems, free-form fabrication processes, and industrial laser processes and systems.
- The Institute for Chemical Process and Environmental Technology develops chemical process technology. Its areas of expertise include process efficiency,

materials manufacturing, materials performance, and environmental technology issues related to manufacturing and processing.

- The Industrial Materials Institute is responsible for R&D projects dealing with the development of computer simulation models and other experimental techniques. These are used to perfect processing technologies for metals, polymers, ceramics and their composites.
- The Institute for Sensor and Control Technology focuses on various aspects of industrial control systems. Areas of expertise include process diagnostics, sensor-based automation, and analysis of vibration, noise and oil debris.

UNIVERSITY RESEARCH CENTRES

Two Canadian universities have research centres specializing in robotics and intelligent systems. McGill University's Centre for Intelligent Machines stresses basic R&D in robotics, automation and artificial intelligence. Simon Fraser University's Intelligent Robotics and Manufacturing Systems Laboratory has several specialties including mobile robot navigation, sensor fusion, flexible tooling for automated manufacturing and multimedia systems.

PROVINCIAL AND INTERNATIONAL R&D PROGRAMS

There are several provincial science and technology programs with mandates to assist business. Seven of the 10 provinces and the Northwest Territories maintain provincial research organizations that offer R&D services. In addition, Canada participates in a number of international collaborative R&D programs, including the Intelligent Manufacturing Systems Program.

TECHNOLOGY DIFFUSION

The results of R&D conducted by Canada's network of corporate, government and university AMT experts is made available to individual companies through several technology diffusion programs.

The Industrial Research Assistance Program (IRAP) operated by the NRC has a network of 260 Industrial Technology Advisors in 190 locations across the country. It gives technology-related advice and assistance to more than 10,000 companies every year, with a special focus on small- and medium-sized enterprises. The program also provides financial support for development and adoption of new technologies.

The Canadian Technology Network makes R&D advisors from various organizations available to innovative small- and medium-sized companies. One of the affiliate members is the Manufacturing Research Corporation of Ontario (MRCO). Among other activities, MRCO provides access to manufacturing research conducted at Ontario universities and manages industry-university research consortia. Several other provinces also operate R&D collaboration and diffusion programs.

COMPETITIVE ADVANTAGES

AN ATTRACTIVE TAX REGIME

Canada's favourable tax treatment of R&D is a special advantage to the AMT sector because of the large R&D investments involved. A 1996 study conducted for the Department of Foreign Affairs and International Trade by Deloitte & Touche found that the after-tax cost of performing R&D was consistently lower in Canada than in the United States. In addition, Canada levies preferential corporate income tax rates on profits earned from manufacturing activities, as well as accelerated depreciation on a range of manufacturing machinery and equipment.

WORLD-CLASS HUMAN RESOURCES

The Canadian AMT industry employs some 16,000 people. Foreign companies investing in knowledge-intensive industries such as AMT have been consistently impressed by Canada's large pool of well educated and innovative people. The Conference Board of Canada conducts regular surveys of Canadian business. In the 1992 survey, it found that the high calibre of available personnel was the key factor in decisions by foreign-based multinational enterprises to conduct R&D in Canada.

About 30,000 people graduated from Canadian universities in 1994 with degrees in science or engineering. More than 6,000 earned master's or doctoral degrees. A number of studies have shown that the salaries of scientists and engineers are lower in Canada than in the United States. In the Conference Board of Canada's 1994 business survey, foreign-owned companies in Canada indicated that the average cost per researcher is lower in Canada than in the United States.

RIGOROUS INTELLECTUAL PROPERTY PROTECTION

The AMT sector benefits from legislation specifically protecting industrial designs and integrated circuit topography. An industrial design that is applied to a manufactured article can receive a design patent that is valid for 10 years, subject to a maintenance fee. In the case of the design or "topography" of integrated circuits, individuals can apply for the exclusive right to protect the design for a period of 10 years.

ACCESS TO THE NORTH AMERICAN MARKET

The North American Free Trade Agreement (NAFTA), which came into effect 1 January 1994, improved on the FTA between Canada and the United States by adding Mexico to this free trade zone. Most of Canada's exports now enter the United States free of duty, and tariffs will be completely eliminated by 1 January 1998. As a NAFTA signatory, Mexico now provides duty-free access for a range of AMT products. They include plastic processing machinery, packaging and wrapping machinery, paper and paperboard-making machinery, weighing devices, and materials handling. Remaining Mexican tariffs on industrial equipment will be phased out by the end of 2003.

STRATEGIC ALLIANCES AND INDUSTRY LINKAGES

Canadian AMT companies are highly integrated into the North American market and have developed niche strengths to serve large multinationals in the automotive, aerospace, plastics, electrical and resource sectors. Strong links between AMT suppliers and aggressive users have played a key role in the industry's growth and the competitiveness of the users.

The continued growth of the AMT sector depends on the development of leading-edge products. To meet this challenge, Canadian AMT firms are actively seeking joint ventures and strategic partnerships. The vast majority of these companies are innovative small- and medium-sized enterprises.

OUTLOOK

The Canadian AMT sector is performing well, and its prospects for the future are good. Sales and labour pro-

ductivity are rising faster than in other machinery sectors, and the industry's share of American imports is rising. Profitability is better than for comparable industrial investments. While Canadian firms recognize the importance of exports to mature economies in the United States, Japan and Europe, they are also targeting emerging economies such as Argentina, Brazil, Mexico, Indonesia, South Korea and China.

CHAPTER 22 – PHARMACEUTICALS

INDUSTRY OVERVIEW

The pharmaceutical industry operates in an extremely dynamic environment. Health care systems are placing greater emphasis on preventive medicine and cost containment. An aging population and increased interest in specific disease groups are also driving growth in demand for pharmaceutical products.

The Canadian market for pharmaceuticals is the eighth-largest in the industrialized world. In 1994, sales of pharmaceutical industry products totalled just over \$6 billion, an increase of 10 percent over 1993. This includes domestic shipments of \$4.5 billion and imports of \$2 billion. Exports were about \$570 million.

This industry includes a mix of large and small companies. More than 40 percent of firms have less than \$2 million in annual sales. In each of the many therapeutic sub-markets, there are usually several competing products. The industry consists of three segments: brand-name drug manufacturers, generic drug manufacturers and biopharmaceutical companies.

Brand-name pharmaceutical manufacturers are mostly subsidiaries of multinational enterprises based in Europe or the United States. About 60 companies dominate this industry segment, with more than three-quarters of sales and some 80 percent of assets. These companies also

conduct most of the industry's research and development (R&D). Cumulative investment in R&D exceeded \$3 billion between 1988 and 1995. Companies in this group spend more than 12 percent of sales on R&D.

Producers of generic drugs are mainly smaller independent companies. The generic segment of the industry claims 10 percent of the wholesale market by value, with 21 percent of unit sales. Two large Canadian-controlled companies, Apotex and Novopharm, dominate this segment. These two firms account for 75 percent of generic drug sales in Canada and they are among the top 50 R&D spenders in Canada. Both companies also own biopharmaceutical subsidiaries and have joint ventures with companies in the United States and Europe.

More than 200 companies comprise the biopharmaceutical segment of the industry. They have developed a wide range of products, including vaccines, drugs, gene therapy and diagnostics. This market is dispersed among many small- and medium-sized companies. Among the 30 largest firms, no single entity had more than 7 percent of the market in 1990.

RESEARCH AND DEVELOPMENT (R&D)

R&D is crucial for the development of new pharmaceutical products. Health care R&D expenditures exceeded \$1.5 billion in 1994. The pharmaceutical industry was responsible for 35 percent of this spending.

Canada's health care infrastructure and its associated R&D capabilities provide the pharmaceutical industry with an excellent means of leveraging R&D investment.

The Canadian government recognizes that a supportive R&D environment is essential for international competitiveness in the pharmaceutical industry. In addition to providing generous R&D tax incentives, it also funds organizations that play a vital role in pharmaceutical R&D. These include the Medical Research Council of Canada and the National Research Council of Canada (NRC). These organizations are committed to the development of a strong pharmaceutical industry through the development of partnerships, networks and alliances.

MEDICAL RESEARCH COUNCIL OF CANADA

The Medical Research Council of Canada supports basic, applied and clinical research in health sciences. It also provides training in universities, health care institutes and research institutes. It supports collaboration between scientists working in government, universities and industry through six Networks of Centres of Excellence (NCE). The goal of these centres is to promote Canadian competitiveness, by providing access for industry to the nation's leading researchers.

One NCE concentrates on improving the efficiency of health informatics. The other five are involved mainly in biomedical R&D. They are engaged in a very wide range of projects.

- The Canadian Bacterial Diseases Network studies new therapeutic targets, tuberculosis, carbohydrate technology and vaccines.
- The Canadian Genetic Diseases Network is focused on identifying some of the most common and devastating genetic diseases.
- The NeuroScience Network is involved in the identification and regulation of genes related to nerve growth and repair, as well as other research related to injury or disease of the nervous system.

- Inspiraplex concentrates on respiratory health including technologies for the treatment and prevention of breathing problems caused by diseases and environmental factors.

- The Protein Engineering Network uses a variety of techniques to study the function of proteins and to find ways to improve them.

NATIONAL RESEARCH COUNCIL (NRC)

The NRC forms partnerships with industry to undertake biomedical research in the life sciences, including biotechnology. Collaborative research is concentrated in five research institutes dedicated to specific sectors.

1. Biotechnology Research Institute
2. Montreal Joint Centre for Structural Biology
3. Institute for Biological Sciences
4. Steacie Institute for Molecular Sciences
5. Institute for Biodiagnostics

UNIVERSITY AND TEACHING HOSPITALS

Canada's university medical research base includes 16 universities with medical faculties. They are affiliated with a network of more than 100 teaching hospitals and research institutes. In 1994, the 16 medical faculties conducted almost \$853 million worth of biomedical research, about 56 percent of Canada's total health care R&D spending of \$1.5 billion.

Canada's biosciences research performance has been ranked as the highest in research efficiency and effectiveness among the G7 countries. This is based on the publication record of Canadian scientists and the impact of their work on other scientists worldwide. The majority of Canada's medical science publications are the product of university research and teaching hospitals, and are supported by government grants.

CONTRACT RESEARCH ORGANIZATIONS

Canada is home to many private-sector research organizations that offer integrated service packages to pharmaceutical and biotechnology companies. They can

take a new drug through the development and regulatory process. Or, if the client prefers, they can conduct only part of the development process.

COMPETITIVE ADVANTAGES

ACCESS TO THE NORTH AMERICAN MARKET

Canada is an integral part of the much larger North American market for pharmaceuticals. Through the North American Free Trade Agreement (NAFTA), Canadian manufacturers have access to the American and Mexican markets. The United States is the world's largest consumer of pharmaceuticals, representing about one-third of the global market. By 1994, Canadian-based pharmaceutical companies had achieved a six-fold increase in exports to the United States since the Canada-US Free Trade Agreement (FTA) went into effect in 1989. Although the volume is much smaller, Canadian sales to Mexico are also growing. Canadian pharmaceutical exports in 1994 reached \$666 million.

A QUALITY WORK FORCE

In 1994, the pharmaceutical industry employed over 22,000 people, with more than a quarter of them holding university degrees. Canada offers the highly-skilled, educated work force demanded by knowledge-based industries such as pharmaceuticals. Canadian physicians and hospitals are considered to be among the best in the world. The greatest growth area for new jobs in Canada has been in medical R&D. In this field alone, employment rose by 192 percent between 1987 and 1994.

COMPETITIVE LOCATION COSTS

Annual studies by KPMG Canada have demonstrated that it is less expensive to do business in Canada than in the United States. Their 1996 study found that pharmaceutical companies in Canada enjoyed significantly lower location-sensitive costs than their counterparts in the United States, mainly because wages and salaries, as well as statutory and other employment benefits, were lower. In extending its 1997 comparative study to 15 cities in 5 European countries, KPMG Canada found that for

establishing a facility in the pharmaceutical industry, Canada still had the lowest overall location-sensitive costs.

COST-EFFECTIVE CLINICAL TRIALS

Canada has the capability of performing globally competitive, cost-effective clinical trials. Since full-scale medical examinations are covered by Canada's health care system, the costs of such research are substantially reduced. Innovative clinical trial networks provide industry with a direct entry into the drug delivery system for new pharmaceutical products.

AN ADVANTAGEOUS REGULATORY ENVIRONMENT

Canada's regulatory system provides public confidence in health care products while creating an environment that encourages investment in the industry. The drug approval process is transparent and evolving to meet the needs of the public and the pharmaceutical industry.

Canada is internationally recognized for applying high standards for the safety, efficacy and quality of pharmaceuticals. Products are regulated in accordance with Canada's *Food and Drugs Act*, administered by Health Canada. The regulations are similar to those in the United States and other major producing countries.

Drugs are classified with a drug identification number (DIN), for sale with or without a prescription. Prescription drugs licensed for human use are dispensed by pharmacists or administered in hospitals on a physician's orders. The sale of non-prescription DIN drugs is restricted to pharmacies. Other drugs can be sold in grocery, department and variety stores. Veterinary medicines are sold by veterinarians, pharmacists and certain retailers.

Canada allows the export of pharmaceutical products to markets where that product is accepted, even if it has not been approved for sale in Canada. The government is also negotiating Mutual Recognition Agreements with the European Union, the United States and Japan, among others, to facilitate exports to those markets.

RIGOROUS INTELLECTUAL PROPERTY PROTECTION

Recent changes to the *Patent Act* have made Canada a more attractive investment destination for innovative companies involved in medical research and development. The amendments, which came into effect in 1993, bring patent protection for drugs and medicines into line with that accorded new products in all other sectors of the economy. This adds, on average, three years to the effective patent protection of innovative drug products, extending protection from 17 to 20 years. In the same year, the *Intellectual Property Improvement Act* came into force, clarifying and streamlining the rules for filing, examination and granting of patents.

The government has also strengthened its patent protection for biotechnology products, which are now covered by the same provisions as pharmaceuticals. The Canadian Intellectual Property Office recently acquired the capacity to process sequencing data in electronic form for nucleotides and peptides. Canada is also a signatory to the Budapest Treaty. The deposit of biological material with any international depository authorities may, therefore, be considered part of a patent disclosure in Canada.

SUPPORTIVE INVESTMENT COMMUNITY

Canadian financial markets offer a wide range of public and private equity as well as debt financing for high-technology companies. The Canadian venture capital community is increasingly targeting the biomedical community for investment. Funds with a significant biomedical focus include:

- Canadian Medical Discoveries Fund
- MDS Medical Discoveries Fund
- Health Care and Biotechnology Venture Fund
- Bio-Capital
- Neurosciences Partners Fund
- Société Innovatech

- BC Life Sciences
- Ventures West

STRATEGIC ALLIANCES

Many of Canada's biopharmaceutical companies are small and in their early growth stages. Therefore, Canadian biotechnology companies regard partnerships and strategic alliances as an important component of their business strategy. In their 1993 survey of companies in the Canadian biotechnology industry, Ernst & Young found that 83 percent of responding firms had established such an alliance. Geographically, the alliances were split in roughly equal shares among Canada, the United States and the rest of the world. A similar trend toward strategic alliances is occurring within Canada's independent generic and fine-chemical drug sector.

OUTLOOK

The Canadian pharmaceutical industry is evolving to take advantage of the growth in health care biotechnology. A significant number of biopharmaceuticals are currently on the market, and more than half of new drugs in North American clinical trials are products of biotechnology.

Favourable R&D tax credits, solid infrastructure, and an efficient regulatory environment are motivating multinational enterprises to allocate R&D mandates to their Canadian subsidiaries. Smaller Canadian companies, especially biopharmaceutical firms, are growing rapidly. These trends are likely to lead to a larger overall investment in pharmaceutical R&D, as well as increased activity in specialized fields.

Canadian-based pharmaceutical producers will also benefit from continued government pursuit of improved access to international markets. There is considerable scope for mutual recognition agreements, especially in the rapidly expanding markets of Asia, Latin America and Eastern Europe.

CHAPTER 23 – AGRI-FOOD

INDUSTRY OVERVIEW

The agri-food sector includes all aspects of food production, processing and distribution. The success of this sector in Canada stems from a ready supply of high-quality agricultural products, combined with a sophisticated and technologically-advanced processing sector. These assets have helped earn an international reputation for high quality foods and beverages. Canadian products are frequently accorded the highest awards at international food fairs such as the *Salon International de l'Alimentation*. In recent years, Canadian wines, beers, processed vegetables, biscuits and prepared vegetarian foods have taken top prizes.

Canada is a major agricultural producer, with 680,000 square kilometres of farmed land and annual production of about \$25 billion. One-third of this production is grains and oilseeds and another third consists of beef, hogs and poultry. Dairy products account for about 15 percent and the rest is mostly forages and horticulture products. With exports of \$7 billion in 1995, grains and oilseeds produced in the Prairie Provinces of Alberta, Saskatchewan and Manitoba make up more than one-third of total agri-food exports.

The food and beverage processing industry is among the most prominent of Canada's manufacturing and resource-processing industries. The industry has grown steadily in

recent years; annual shipments grew by 5.3 percent in 1995 to reach \$51 billion and a comparable rate of growth was expected for 1996. Since 1992, oil mill products, cereal grain flours and biscuits have seen the most rapid growth, followed by meat and meat products, and feed.

This steady growth is the result of expanding domestic and export markets. An aging and an increasingly ethnically diverse population is demanding both healthier foods and more convenience products. Tariff reductions in North America have created an expanded export market. The industry has responded with major investments in advanced processing technology. New investment totalled \$1.4 billion in 1995, and it is expected to have reached \$1.6 billion in 1996.

Roughly half of the country's output of processed food and beverages comes from Canadian-controlled firms. A few are relatively large, but most are small- and medium-sized enterprises. Canadian-based subsidiaries and affiliates of major multinationals produce the other half of the industry's output.

Small versatile companies have been especially successful. Rather than setting up high-volume, single-product facilities, these firms have invested in flexible processing systems. This adaptability allows them to process private label brands under co-packing agreements, and to respond more quickly to niche-market opportunities.

REGIONAL CLUSTERS

The processed food and beverage sector is divided into regional clusters. Each region takes advantage of its own resource base and other competitive advantages. As a result, each has distinct characteristics.

- Seafood complexes on the Atlantic and Pacific coasts process fish harvested from the oceans and inland waters. There is also a rapidly expanding aquaculture industry focused on salmon species and shellfish.
- Fruit and vegetable processing industries are clustered in several regions of the country. Specialized small- and medium-sized enterprises are responsible for many new, high-growth products.
- Ontario and British Columbia have been very successful in developing and marketing varietal wines under a Vintner's Quality Assurance program.
- Meat and poultry trading centres have developed in Alberta, Ontario and Quebec, providing all parts of the country with a reliable source of inputs for processing operations.
- Quebec is Canada's leading province in dairy production and processing, as well as dairy food science.
- The federal government's Food Research and Development Centre located in St. Hyacinthe, Quebec, has served as an incubator for small but advanced food technology firms and producers of bio-ingredients. Other major dairy operations are found in Ontario, Nova Scotia, Alberta and British Columbia.
- Cereal grain and oilseed production and processing are concentrated in the Prairie Provinces of Alberta, Saskatchewan and Manitoba, as well as in Ontario.
- Nearly 40 percent of all Canadian value-added food and beverage processing is centred in Ontario and another 25 percent is in Quebec, the two most heavily populated provinces.

RESEARCH AND DEVELOPMENT (R&D)

Canada has a long tradition in agricultural and food research that began with the development of hardier strains of wheat in the 19th century. Today, Canada is a recognized world leader in biotechnology. Agri-food research has flourished in Canada's extremely favourable R&D environment, which is described in Chapter 15. An essential element of this R&D strategy is collaboration between university, industry and government researchers engaged in agri-food research.

GOVERNMENT R&D

The Research Branch of Agriculture and Agri-Food Canada (AAFC) conducts R&D in virtually all areas of the agri-food sector. The branch operates research centres and experimental farms across the country, each of which focuses on local industry strengths. To enhance efficiency and the dissemination of research results, these facilities are grouped under 19 national centres of excellence.

In 1995, Agriculture and Agri-Food Canada launched a funding program called the Agri-Food Research and Development Matching Investment Initiative. This program promotes collaborative research activity with the private sector and facilitates technology transfer. The department will match contributions to joint research projects.

R&D funded by provincial governments is conducted at universities, research institutes and food technology development centres. Some provinces also support food processing "incubators" to help new companies get established and to facilitate the commercialization of new products and processes.

R&D COLLABORATION

Researchers in government and university research facilities are linked with business decision-makers to ensure that Canadian firms can commercialize new discoveries. Companies can draw on the resources of 12 universities and 18 food research facilities operated by federal and provincial governments.

There are university-government-industry complexes at the University of British Columbia, the University of Alberta, the University of Manitoba, the University of Toronto and the University of Guelph. The Guelph Food Technology Centre is typical. It was created by food industry representatives and university researchers to develop commercial uses for new food technologies. It now operates as a partnership between food industry representatives, the Ontario government, labour unions and the University of Guelph.

The efficiency of R&D spending in agricultural and food research is enhanced through the Canadian Agri-Food Research Council. This body of R&D professionals includes committees responsible for food, animals, crops and resources. Each of them provides advice to public and private sector R&D organizations and investors. The Council maintains an inventory of Canadian agri-food research projects to help target new research and assist in finding partners.

FOOD RESEARCH CENTRES

R&D linkages and collaboration across the research community have helped Canada to excel in the development of food products and technologies. Research is carried out at several centres across the nation.

- Agriculture and Agri-Food Canada's St. Hyacinthe Food Research and Development Centre in Quebec has led the development of world-class fermentation technologies.
- Three major R&D clusters in Saskatchewan, Ontario and Quebec are applying biotechnology in the areas of disease resistance, herbicide tolerance, agricultural yields and nutritional profiles.
- Canada's largest grains and oilseeds R&D complex is located in Saskatchewan. It is made up of several organizations including the University of Saskatchewan's research labs, the National Research Council's Plant Biotechnology Institute and the AAFC Saskatoon Research Centre. Commercial applications are devel-

oped at the Protein, Oil and Starch Pilot Plant facility, and by a host of private-sector firms.

- The Grain Research Laboratory division of the Canadian Grain Commission in Winnipeg has established an international reputation for expertise in grain quality analysis.
- Centres of seafood research and development are located at the Technical University of Nova Scotia, the *Université Laval*, the PEI Food Technology Centre and Memorial University. Their research has led to the rapid development of Canadian marine and freshwater aquaculture production.
- The federal government's Lacombe Research Centre in Alberta is active in developing cattle-feeding regimes, methods of carcass grading, preservation methods and packaging technologies.

COMPETITIVE ADVANTAGES

A RECEPTIVE DOMESTIC MARKET

Domestic sales of food and beverages amount to more than \$80 billion annually. About two-thirds of sales are through supermarket and grocery stores, and the rest is by food service establishments. Annual market growth has averaged almost 4 percent over the past three years.

Changing lifestyles and an aging population are having a profound effect on the food market. In addition, the population has become increasingly ethnically diverse. There are more dual-income and single-parent households. And consumers have grown more health-conscious in Canada.

These trends are driving demand for new food ingredients and additives as well as a broader variety of convenience foods. As a result, the value of food sales is growing faster than the population. Per capita consumption of processed, value-added foods is increasing more quickly than that of fresh foods.

Frozen foods, for example, have experienced the highest growth rate in retail grocery sales. These items include a wide range of pre-cooked or prepared breakfasts, dinners, entrées, desserts and appetizers. Microwave ownership is widespread in Canada, facilitating the use of frozen products. Specialty sauces, spreads and condiments is another rapidly growing product line.

Food service expenditures by Canadians are also growing. Restaurants are increasingly expected to provide changing menus, ethnic varieties, fast service and consistent products. The food processing industry is adapting quickly to supply this market with a widening range of ready-to-cook, portion-controlled foods.

READY ACCESS TO EXPORT MARKETS

Sales of food and beverages in North America were estimated at \$850 billion in 1994. By 2000, there will be more than 400 million people in North America, and Canadian producers have excellent access to this market.

Exports accounted for 40 percent of Canada's production of primary agricultural products with a value of \$10 billion in 1995. Food and beverage processors exported another \$9 billion worth of products, about 18 percent of their total output. The United States is the destination for 70 percent of processed food exports. Sales to the United States surged by 42 percent over the last three years, and this trend shows no sign of slowing.

With a population approaching 100 million, Mexico is a large potential market for Canadian agri-food products. The target market is comprised of almost 20 million people who are in upper- and middle-income households. These relatively affluent consumers are acquiring preferences for packaged and convenience foods, as well as becoming more health conscious in the United States. Market research suggests that Mexican consumers view food and beverages processed in Canada as high quality and good value.

COMPETITIVE LOCATION COSTS

In its annual comparative studies of location-sensitive business costs, KPMG Canada found that Canada has had significantly lower costs than in the United States. One of the examples used in the 1996 study was a model frozen food processing facility. The study compared costs in 13 Canadian cities and 10 American cities.

It concluded that average annual location-sensitive costs were 22 percent higher in the United States than in Canada. All Canadian cities examined had lower costs than every selected American city. Lower labour costs were a major contributing factor to the Canadian cost advantage. In its 1997 comparative study of business costs, KPMG Canada extended its survey to cover 15 cities in 5 European countries. Once again, it found that Canada had the lowest overall location-sensitive costs for a model food processing facility.

AN EFFICIENT REGULATORY SYSTEM

Canada's system of food inspection is responsible for food products that are consistently safe and of high quality. The regulatory system also assures consumers that products comply with ingredient lists and nutritional profiles shown on their labels. This vigilance has resulted in a world-wide reputation for food quality that is playing a large role in the expansion of export markets. Although the quality assurance system is stringent, it is not an impediment to Canadian manufacturers. On the contrary, it is one of the main reasons for their international success.

The government is working to streamline the inspection system by consolidating federal animal and plant health responsibilities into a single agency. The Food Production and Inspection Branch of Agriculture and Agri-Food Canada has primary responsibility for the inspection system. But other federal departments, the provincial governments, municipalities and the agri-food industry all play a role. The new Canadian Food Inspection Agency began operations in 1997. It will work with

other levels of government towards a more integrated Canadian inspection system. Canada will also continue its efforts to achieve a greater degree of international harmonization of standards.

OUTLOOK

Canada's food and beverage industry is seeking new capital and new technology. Foreign subsidiaries are working harder than ever to secure world or North American product mandates for their divisions. Much of the investment in food and beverage processing is directed

toward meeting volume and quality demands of export markets.

Products with especially favourable prospects include convenience items and ethnic specialties. For example, the outlook is excellent for frozen foods, processed meat, snack foods, sauces and condiments. Other growth areas include bio-ingredients, fish and seafood products, and beverages. Many established Canadian firms are seeking partnerships and joint ventures in these areas.

SECTION 5 – INVESTING IN CANADA: THE NEXT STEPS

A decision to invest in any foreign market, including Canada, is never taken lightly. This handbook has identified many reasons for investing in Canada. It has described the general business environment and infrastructure, and provided additional detail on a few industries with special attractions.

This information is intended as a general guide to doing business in Canada. But the foreign investor considering a Canadian location needs more specific intelligence. In general, the difference between market information and market intelligence is that the latter applies to specific products and to the unique expertise of individual

companies. By definition, intelligence is not published — it is collected by or for individual entrepreneurs.

In most cases, the gathering of intelligence for the Canadian market is collected in two phases. A large amount of market research can be conducted from abroad. Canada has excellent resources that can be accessed by telephone, fax or Internet. Detailed contact lists are provided in the appendices to this publication. Assuming that such research yields positive results, the next step is for key decision-makers to visit Canada to seek out additional details first hand. Most business visitors to Canada find that this is a pleasant as well as a rewarding experience.

CHAPTER 24 — MARKET RESEARCH

Canada is an excellent environment for market research because there is a great deal of information available from both public and private sources. Most government departments and agencies have mandates to provide information to business, including foreign investors. Virtually every industry has at least one private industry association. Horizontal business associations and councils provide general information on business conditions. Many intermediaries, such as banks, publish investment information. And a wide range of professionals, including management consultants, accountants and lawyers, can answer specific questions about proposed investments.

The bulk of this information is accessible from outside Canada. Researchers can obtain printed reports by mail, and submit questions by fax. Increasingly, electronic distribution media are available, including faxback systems as well as many Internet sites.

Foreign companies can also make contact with Canadian missions abroad as well as Canadian firms participating in trade shows and missions in their home countries. The Canadian government, sometimes in cooperation with the private sector, organizes numerous trade missions abroad each year.

STATISTICS CANADA

Statistics Canada has overall responsibility for the collection of official government data. This agency has earned an international reputation for the outstanding quality of its statistics, and high standards of its delivery systems.

Another reason for the high quality of Canadian statistics is the country's rigorous data collection system whereby data is collected from a variety of sources. Some series, such as import statistics, are collected through cooperation with other government departments. Others, such as industry performance statistics, are collected through "establishment surveys" of Canadian businesses. Still others, including employment indicators, are gathered through regular household surveys. Statistics Canada also conducts a census of the Canadian population every five years, the most recent being in 1996.

Statistics Canada publishes an extensive catalog of periodicals providing current and historical data. Subjects of interest to market researchers include major economic indicators, industrial structure, the performance of individual industries, and international trade. Official statistics are generally published on a timely basis, and Statistics Canada publishes daily and weekly bulletins, which are available electronically. Prospective investors interested in retail markets will find a large amount of useful infor-

mation in the many reports derived from Canada's census, including some specifically designed for market researchers.

The Statistics Canada catalog is available on-line at <http://www.statcan.ca/start.html>. Some publications and data are available for download from that site. Fee-for-use access is also provided by the Canadian Socio-Economic Information Management System (CANSIM), a large electronic database of the most commonly used statistics.

THE DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (DFAIT)

DFAIT is responsible for Canada's foreign policy, relations with other countries and participation in multilateral organizations. A large part of its activity concerns international trade and investment. As part of this responsibility, DFAIT assists foreign investors and companies interested in doing business in Canada. This includes providing market information as well as matchmaking to facilitate partnerships between Canadian and foreign businesses. As part of its efforts to promote Canadian exports, DFAIT maintains a database of Canadian companies and their capabilities, and makes this information available through Canadian missions abroad.

In addition to providing general information and answering enquiries, the department offers the following specialized services:

- presentations on specific Canadian investment opportunities to potential investors abroad;
- company-specific briefs for potential investors;
- identification of potential Canadian partners for foreign investors;
- support for Canadian subsidiaries seeking manufacturing and R&D mandates from their parent companies;
- coordination of site visits in Canada and meetings with potential partners, in cooperation with provincial and municipal governments; and

- organization of incoming trade missions, which usually combine visits to trade shows with tours of Canadian plants in the target industry.

Enquiries from foreign business people can be made to Canadian missions abroad. In Canada, enquiries can be directed to DFAIT's Ottawa headquarters or to the many International Trade Centres located across the country. These were established in cooperation with Industry Canada as a key point of contact on matters relating to international trade and investment. The centres are an excellent first point of contact for foreign investors because they can provide information on a number of programs and can help establish appropriate contacts. The department operates an Internet site at <http://www.dfait-maeci.gc.ca>.

INDUSTRY CANADA (IC)

IC concentrates on policies and programs that assist Canadian industry, and that provide protection to Canadian consumers. It works closely with DFAIT on sector-specific matters dealing with international trade and investment. The department administers the *Investment Canada Act*, including investment review and notification.

Organized largely by industrial sector, IC works directly with Canadian companies and business associations to promote industrial, scientific and technological development. One aspect of this is the promotion and facilitation of foreign direct investment in targeted industrial sectors in Canada. The department has a large team of industry experts specializing in individual industries. These officers have detailed information on individual companies, market trends and business strategies. They maintain contacts with business people in companies, associations and consulting firms and are helpful in providing contacts.

IC manages a portfolio of programs for economic development. It provides services relating to business intelligence and information, technology and industrial development. It maintains a network of regional offices

across Canada to put officers in close contact with local business people and to inform headquarters about developments in the various regions of the country. These regional offices are also important players in the department's efforts to work closely and cooperatively with the provinces.

A national network of business service centres run by the department provides a complement to DFAIT's International Trade Centres. These centres offer a range of services to Canadian businesses and prospective investors. They also provide publications, how-to guides and videos. Increasingly, information can be disseminated in electronic form. Further information is available through the Internet at <http://www.ic.gc.ca>.

OTHER FEDERAL DEPARTMENTS AND AGENCIES

Several other government departments have divisions that are interested in foreign direct investment in their specific sectors. Agriculture and Agri-Food Canada is an important contact point for information and assistance on the food and beverage industries. Environment Canada's Technology Development Directorate has information relating to the environmental industries sector.

The Canadian Forest Service Sector of Natural Resources Canada has an Industry, Trade and Technology Directorate with expertise in the forest products industries. Companies in the defence industry should develop contacts in the Department of National Defence.

In addition to the industry expertise located in these departments, the federal government maintains four regional agencies with responsibilities for economic development. These are the Atlantic Canada Opportunities Agency (ACOA), the Federal Office of Regional Development-Quebec (FORD-Q), the Northern Ontario Development Fund, and Western Economic Diversification Canada (WD). An explanation of the overall organization of the Government of Canada, including links to departmental Internet sites can be found on the Internet at <http://www.gc.ca>.

PROVINCIAL GOVERNMENTS

Although the federal government has overall responsibility for relations with foreign countries, provincial governments are often directly involved in international trade and investment promotion. Several provinces maintain trade missions abroad that can provide prospective foreign investors with business information. Provincial governments also participate in trade missions to promote economic development.

Each province has a department of trade or industry that encourages investment within its jurisdiction. These departments can provide information on:

- the size and composition of regional markets;
- business development programs and incentives;
- site selection;
- the availability of skilled labour in specific locations; and
- local occupancy costs.

Through provincial government departments, the foreign business person can widen the net of potential government support programs as well as learn more about specific industries. Enquiries at the provincial level can also provide information about interprovincial variations in taxes, location costs and regulations. At the same time, prospective investors can acquire a sense of government policies and attitudes towards business.

MUNICIPAL GOVERNMENTS

Cities across the country actively compete to draw investment into their communities. They offer incentives to locate in their jurisdictions, and develop industrial parks and other infrastructure for the purpose of promoting economic development.

A key element of the overall quality of life, cities will be more attractive to the potential investor if they are clean, safe and have first-rate community and cultural assets. Many of Canada's largest cities have these features. Over the past few years, surveys conducted by the Geneva-

based Corporate Resources Group have ranked four Canadian cities — Vancouver, Toronto, Ottawa and Montreal — among the top ten cities in the world to live in.

HORIZONTAL BUSINESS ASSOCIATIONS

A number of business associations in Canada represent diverse business interests. Two of the most prominent horizontal associations are the Canadian Chamber of Commerce and the Alliance of Manufacturers and Exporters Canada.

The chamber is the oldest of the business associations in Canada, with a history that dates back to the mid-18th century. In addition to the national association, provincial and local chambers are spread across the country.

The chamber has developed a strong international orientation over the years. It is a member of the International Chamber of Commerce and of multilateral and bilateral business councils. The chamber organizes trade seminars and missions, and collects information on Canada's foreign markets for its members. For the foreign investor interested in Canada, the chamber can also be an important source of information on the business environment in Canada, and on companies looking for strategic alliances and partnerships.

The Alliance of Manufacturers and Exporters Canada was created by the recent merger of the Canadian Manufacturers Association and the Canadian Exporters' Association. The alliance provides a wide variety of programs and services geared to the improvement of Canadian competitiveness and the expansion of export markets. It undertakes studies on the potential impact of economic policies and represents its membership in public forums. As well, it has a broadly based information program including regular news bulletins as well as seminars and workshops on such topics as trade, taxation and environmental issues.

There are many other horizontal associations in Canada. They include:

- Canadian Importers Association;
- Canadian Federation of Independent Business;
- Business Council on National Issues;
- Canadian Standards Association; and
- Canadian Advanced Technology Association.

INDUSTRY ASSOCIATIONS

No matter which sector of activity a company is involved in, there is probably at least one industry association that it can join. Such organizations cover the manufacturing sector, from natural resources to advanced technologies and the service sector, from customs brokers to bankers.

These industry associations are excellent points of contact for new companies in the sectors. They can provide in-depth information on market conditions, laws, regulations and trends.

The associations work closely with commercial officers in the provincial and federal governments. Because they share information, the ground covered by associations and sectoral divisions within governments tends to be similar. Nonetheless, it is worthwhile to make contact with both because each has its own perspectives of industry trends.

PROFESSIONALS AND INTERMEDIARIES

As a prospective investor seeks increasingly detailed answers to specific questions regarding investing in Canada, it is likely that contacts will be made with specialized professionals. Examples include accountants, lawyers and management consultants.

Canada has many professionals who know the country's business environment intimately, and who also are familiar with the business practices of other countries. Some speak a language in common with potential investors. Such professionals can be found in major cities across the nation.

Intermediaries, such as banks and logistics companies, are also good sources of business information. In particular, a Canadian-located subsidiary bank from the investor's home country may have a unique perspective. The number of foreign banks operating in Canada has increased rapidly over the past decade.

ON-LINE AND FAXBACK SERVICES

Detailed descriptions of many of the programs and services offered by the governments and private sector associations can be accessed on the Internet. One of the best sources of information on government services, programs and regulations is the Intergovernmental On-Line Information Kiosk, also known as "InterGov." The site is a joint project among federal, provincial, territorial

and several municipal governments. Among other things, "InterGov" maintains a catalog of government services and a library which contains reports and other documents related to the use of the information highway by governments. Its Internet address is <http://www.intergov.gc.ca/>.

For information on Canadian and international industries, including market intelligence and business support and services, a prospective investor should consult Industry Canada's website called "Strategis." The site, Canada's largest business information website, also has information and links to many private-sector organizations. "Strategis" can be reached at <http://www.strategis.ic.gc.ca/engdoc/main.html>.

CHAPTER 25 – VISITING CANADA

If market research conducted in the prospective investor's home country turns out to be positive, the next step is usually a visit to Canada. A trip built around a trade show can be one of the best strategies. Companies, government departments, business associations and service providers are likely to be represented. By meeting with the various representatives at trade shows, discussions can be initiated, materials gathered, and preliminary networks established all at one time.

PLANNING A BUSINESS TRIP

If no trade shows are scheduled for the target industry, the next best approach is to make advance appointments for a round of meetings with government departments, business associations and potential partners. A Canadian trade mission in the investor's home country can help to make these arrangements. Appointments can be made by fax, and confirmed by telephone upon arrival in Canada. If possible, time should be left for follow-up visits, or at least phone calls with key contacts.

Canadians are very businesslike and punctual, although not quite so abrupt as many Americans. They are friendly, but less likely than Latin Americans to use large amounts of meeting time for personal discussions. As a result, it is usually possible for people on fact-finding missions to schedule three or four meetings in a day, in one city. This is especially true in Ottawa, where most government offices are within a 10 minute taxi ride of one another, and many are within walking distance.

Air travel between Canadian cities is highly efficient. There are frequent flights between Toronto, Ottawa and Montreal. But visitors with national itineraries should remain conscious of the large size of the country. The flight from Montreal to Vancouver, for example, is a full day's trip, including six hours in the air plus ground transportation and flight arrangements at both ends. Long-distance travellers should also bear in mind that Canada spans six time zones.

Train travel is efficient and comfortable in the highly-travelled corridor between Windsor and Montreal, and also from Ottawa to Montreal or Toronto.

The major cities in all of the provinces offer a full range of accommodation and an extensive choice of restaurant cuisine. In comparison with other countries, the prices are very reasonable. Most hotels offer a wide range of business services, including conference rooms, audio-visual aids, catering, copy and fax services, and car rental. Major hotel chains frequently employ multilingual personnel.

For stays of a month or longer, many visitors choose apartment hotels, which are common in most major cities. They normally consist of a bedroom, kitchen and living-room, with cleaning service provided.

Although travel to remote areas takes longer, it is no hardship. Modern facilities, excellent communications

and roads, and comfortable accommodations are available even in small towns. Rental cars are often the most convenient and affordable way to get around.

BUSINESS CUSTOMS

Business customs are similar to those in other advanced industrialized countries. Business people have respect for the value of one another's time, and normally arrive at meetings punctually. If they are unavoidably late, an apology is appropriate. If the delay is likely to be more than 15 or 20 minutes, it is appropriate to telephone, explain the delay and offer to re-schedule the meeting.

Meetings usually begin with handshakes for both men and women. Business cards may be exchanged at any time during the meeting, but there is no formal exchange of cards as there is in some countries. It is appropriate to give a card to the receptionist in those offices that have them. Literature such as brochures or other promotional material are frequently exchanged at business meetings. Government offices usually have formal security systems that involve checking in with a security guard in the lobby of the building. If possible, allow a few extra minutes to clear security and be escorted to the appropriate office.

Meals — especially lunches — are an appropriate time for casual meetings with established contacts, but not for first-time exchanges. Dinners are usually reserved for more formal meetings with prospective business associates. It is customary for the person who issued the invitation to pay the bill.

Smoking is generally prohibited in Canadian workplaces, which include most offices and meeting rooms. It is also not allowed in restaurants except in special smoking sections. Some hotels prohibit smoking in rooms on designated floors. Smoking prohibitions also apply to designated rental cars and all domestic airline flights, trains and buses. Many Canadians object to smoking in their presence, and it is considered polite to ask "Do you mind if I smoke?" before lighting a cigarette. It is always acceptable, however, to "step outside" for a smoke, and

many commercial offices have outside areas for this purpose.

An invitation for a meal at a Canadian associate's home is a gesture of personal friendship and it should be graciously accepted. It is appropriate, but not necessarily expected, to bring a gift, such as flowers, wine or something from the visitor's home country. Gifts are not otherwise common in business situations, except perhaps to celebrate the finalization of a substantial deal.

It is never proper to offer gifts to government officials, except for such items as lapel pins, pens and other tokens of the visitors company or home country.

It is customary to tip workers who provide personal services. This includes taxi drivers, porters, bellhops, hair stylists and restaurant workers. The usual amount is 10 to 15 percent of the bill or \$1.00 per item for baggage handling.

TRANSPORTATION

International airports are located in Vancouver, Edmonton, Calgary, Regina, Winnipeg, Toronto, Ottawa, Montreal, Quebec City, Halifax and Gander. Services provided at most of these airports include foreign exchange, car rentals, automated information centres for local accommodation, executive lounges, duty-free shops and restaurants. Many airports have hotels located nearby and some have hotels within the terminal complex.

Major cities are served by regular commercial air carriers. More remote regions are served by smaller local carriers and special charters. The fare for round-trip economy-class travel between Toronto and Montreal is roughly \$500. Round-trip economy class travel between Vancouver on the west coast and Halifax on the east coast costs about \$2,000. A number of options are available to reduce the cost of air fare, such as advance booking, seat sales, and staying over a weekend.

All of Canada's international airports offer bus, taxi, limousine service, or car rental as a means of transportation

Time Zones

Zone	Provinces	Hours behind GMT
Newfoundland standard time	Newfoundland	3.5
Atlantic standard time	Nova Scotia	4
	New Brunswick	
	Prince Edward Island	
Eastern standard time	Quebec	5
	Ontario	
Central standard time	Manitoba	6
	Saskatchewan	
Mountain standard time	Alberta	7
Pacific standard time	British Columbia	8

Daylight saving time reduces the lag behind GMT by one hour between the first Sunday of April and the last Sunday in October. All provinces except Saskatchewan observe daylight saving time.

from the terminal. Rates for transportation to city centres are generally advertised in the terminal. Rental car outlets are conveniently located at the terminals. Rates average about \$40 a day, varying with the size of the car and the number of kilometres offered free of charge. There is usually an additional cost for insurance, and a drop-off charge is added if the car is not returned to the point of rental. Many rental cars now come equipped with cellular phones operated by credit card.

Taxi fares vary from city to city. On average, trips of under five kilometres cost less than \$10. Buses are the main form of public transportation. Subway systems operate in Montreal, Toronto and Edmonton.

MIXING BUSINESS WITH PLEASURE

A business trip to Canada can be both profitable and enjoyable. First-time visitors are struck by the size of the territory and the vast expanses of uninhabited spaces. This means that travelling times have to be factored into the visit, but there is also a cultural dimension to the coun-

try's geography. The concepts of space and wilderness are important parts of the Canadian identity. Although they generally live in urban areas, most Canadians cherish the accessibility of natural settings.

The cities are considered safe, especially in comparison with those in the United States. There is a wide range of entertainment and cultural facilities available. There are many theatres, concert houses and cinemas. Fitness centres and sports facilities are accessible, and are often to be found in hotels. Golf clubs and ski resorts are usually found in close proximity to major cities.

Visitors also appreciate the cosmopolitan and multicultural features of Canada's cities. Canada is a country of immigrants, with each new wave coming from different sources. Over the past few decades, immigrants increasingly are arriving from Asia, Africa, Latin America and the Caribbean. It is not unusual to find pockets within cities where the language spoken and storefront signs are in neither of the two official languages, English and French. Restaurants and grocery stores provide ethnic foods. But, living within these pockets are residents with an English, French or other European ancestry. Canadians are proud of this cultural diversity and of the racial and ethnic harmony that it promotes.

The multicultural character of Canadian cities is also manifest in a myriad of interesting restaurants. Many immigrants have opened restaurants featuring traditional dishes from their country of origin. European and Asian cuisines, such as Italian, French, Greek, Central European, Turkish, Chinese, Indo-Pakistani, Japanese, Thai and Vietnamese, are popular. Restaurants offering Mexican and Lebanese dishes are also numerous.

REGULATIONS FOR BUSINESS VISITORS

Visitors to Canada must generally have a valid passport as well as sufficient funds and evidence of onward transportation. They must also meet general health, safety and national security requirements. Citizens and permanent residents of the United States, and residents of St. Pierre and Miquelon and Greenland, do not require a passport as long as they have other documentation of residency or citizenship.

Visas are required for visitors from some countries, mainly those that have been a source of claimants for refugee status in Canada. Prospective visitors should contact a Canadian embassy, high commission or consulate in their country before travelling. A special multiple-entry business visa is available, which is valid for one year and renewable.

Temporary business visitors do not generally require work authorizations. Business visitors covered under the North American Free Trade Agreement (NAFTA) do not require work authorization, regardless of the length of stay. They must have proof of American or Mexican citizenship, meet the general requirements pertaining to health and security, and qualify as a business visitor, intra-company transferee, trader or investor, or professional.

Representatives of companies from outside North America are not required to obtain employment authorizations for visits of less than 90 days, if the purpose of the visit is consultation or inspection. They are required to carry a letter issued by their employer, confirming employment in their own country and indicating the duration of their stay and nature of their visit to Canada.

Visitors are permitted to bring certain goods, including gifts, personal items and some business-related materials, into Canada. These must be declared to customs officials upon arrival, but subject to certain limitations, duties or taxes are not payable.

Gifts for friends and relatives in Canada are duty- and tax-free up to the value of \$60. Such gifts may not consist of alcohol, tobacco products, or advertising materials.

Personal goods of visitors may be temporarily imported into Canada duty- and tax-free provided that they are taken out of Canada at the end of the visit. There is an exception for consumable items and recreational equipment for which a seasonal permit has been obtained. Some items may require a refundable security deposit to ensure the item leaves the country with the visitor. There is a limit of 40 ounces of alcoholic beverages and one carton of cigarettes per person.

Animals, food and plants that are brought to Canada for personal use are subject to sanitary and health regulations. Agriculture and Agri-Food Canada, and Health Canada establish these regulations, but customs officials administer them at the border.

Business visitors may bring in commercial items such as printed material, product samples, blueprints, charts and audio-visual material. But they may be subject to duty and taxes, or require a refundable security deposit. Most materials necessary for staging events such as seminars and conferences can be brought in both duty- and tax-free. Display goods for trade show exhibits may require a refundable security deposit.

APPENDIX A – CONTACTS IN CANADA

FEDERAL GOVERNMENT DEPARTMENTS AND AGENCIES

DEPARTMENT OF FOREIGN AFFAIRS AND INTERNATIONAL TRADE (DFAIT)

DFAIT is responsible for Canada's foreign policy, relations with other countries, and participation in multi-lateral organizations. Although this covers political, social, cultural and environmental affairs, a large part of DFAIT's activities concern international trade and investment. In addition to having a Minister of Foreign Affairs, there is a Minister of International Trade, a high-ranking Cabinet portfolio.

Because of the importance of trade to the country's overall economy, DFAIT has important responsibilities for Canada's economic health and competitiveness. It actively pursues and promotes the country's international economic and commercial interests. To generate economic development and employment in Canada, the department also encourages and facilitates international direct investment in Canada. To this end, DFAIT designs and administers a number of programs to attract productive international investment to Canada.

The primary responsibility for investment development is borne by DFAIT's Investment and Technology

Bureau. The department helps to attract international investment and technology to Canada and assists Canadian companies interested in international investment and partnerships, as well as the acquisition of technologies.

INVESTMENT DEVELOPMENT PROGRAM

The Investment, Science and Technology Division (TBR) promotes Canada as an attractive, competitive destination for business investment to potential foreign investors. It actively encourages investments that take the form of new plant and equipment, joint ventures or strategic partnerships. TBR is especially interested in attracting investment that introduces new technology into Canada, which is key to creating new jobs and economic opportunities. It also helps Canadian companies to find international investment partners and to access international sources of capital and technologies. TBR provides support to the chief executive officers of Canadian subsidiaries of multinationals that are seeking to attract manufacturing and research and development (R&D) mandates to Canada. It also monitors and analyzes investment trends and perceptions of Canada as an investment site. TBR works closely with the "geographic" branches of DFAIT and the investment counsellors at Canadian missions around the world, as well as with provincial and municipal authorities, and professional and business organizations.

For more information, contact:

Department of Foreign Affairs and International Trade

Lester B. Pearson Building
125 Sussex Drive
Ottawa, ON K1A 0G2
Tel.: (613) 995-4128 or 1-800-267-8376
Fax: (613) 995-9604
FaxLink*: (613) 944-6500
Internet: <http://www.dfait-maeci.gc.ca/investcan>
E-mail: investcan@dfait-maeci.gc.ca

*FaxLink is a faxback system which provides fact sheets on investment-related topics and market sectors. It must be contacted through your fax machine. Dial from your fax phone and follow the voice-prompt instructions.

INDUSTRY CANADA (IC)

IC was created with a broad mandate to make Canada more competitive by fostering the growth of Canadian businesses, by promoting a fair and efficient marketplace for business and consumers, and by encouraging commercial ventures in scientific research and technology. In the area of small business, it has been given specific responsibility to:

- develop, implement and promote national policies to foster the international competitiveness of industry; the enhancement of industrial, scientific and technological development; and the improvement in both the productivity and efficiency of industry;
- promote the mobility of goods, services, and factors of production within Canada;
- develop and implement national policies to foster entrepreneurship and the start-up, growth and expansion of small businesses;
- develop and implement national policies and programs respecting industrial benefits from procurement of goods and services by the Government of Canada; and

- promote and provide support services for the marketing of Canadian goods, services and technology.

The regional offices of IC work directly with Canadian companies to promote industrial, scientific and technological development. They help clients recognize opportunities in a competitive international marketplace by providing services in the areas of business intelligence and information as well as trade and market development. The department also promotes and manages a portfolio of programs and services.

The following are areas in which IC's regional offices have special competence:

- access to trade and technology intelligence and expertise;
- entry points to national and international networks;
- industry-sector knowledge base;
- co-location with International Trade Centres connected to DFAIT and Canadian posts abroad;
- client focus on emerging and threshold firms; and
- business intelligence.

For more information, call (613) 941-0222.

Internet: <http://strategis.ic.gc.ca> and <http://www.ic.gc.ca>

CANADA BUSINESS SERVICE CENTRE NETWORK

Province of Newfoundland:

Canada Business Service Centre
90 O'Leary Avenue
P.O. Box 8687
St. John's, NF A1B 3T1
Tel.: (709) 772-6022 or 1-800-668-1010
Fax: (709) 772-6090
Faxback: (709) 772-6030 or 1-888-772-6030

Province of Prince Edward Island:

Canada/Prince Edward Island Business
Service Centre
75 Fitzroy Street
P.O. Box 40
Charlottetown, PE C1A 7K2
Tel.: (902) 368-0771 or 1-800-668-1010
Fax: (902) 566-7377
Faxback: (902) 368-0776 or 1-800-401-3201

Province of Nova Scotia:

Canada/Nova Scotia Business Service Centre
1575 Brunswick Street
Halifax, NS B3J 2G1
Tel.: (902) 426-8604 or 1-800-668-1010
Fax: (902) 426-6530
Faxback: (902) 426-3201 or 1-800-401-3201
E-mail: halifax@cbpsc.ic.gc.ca

Province of New Brunswick:

Canada/New Brunswick Business Service Centre
570 Queen Street
Fredericton, NB E3B 6Z6
Tel.: (506) 444-6140 or 1-800-668-1010
Fax: (506) 444-6172
Faxback: (506) 444-6169 or 1-800-401-3201
E-mail: cbpsnb@cbpsc.ic.gc.ca

Province of Quebec:

Info entrepreneurs
5 Place Ville Marie
Suite 12500, Plaza Level
Montreal, QC H3B 4Y2
Tel.: (514) 496-4636 or 1-800-322-4636
Fax: (514) 496-5934
Info-Fax: (514) 496-4010 or 1-800-322-4010
E-mail: info-entrepreneurs@bfdrq-fordq.gc.ca

Entrepreneurship Outaouais
25 Laurier Street
7th Floor
Hull, QC J8X 3Y5
Tel.: (819) 595-3403
Fax: (819) 771-9846

Province of Ontario:

Entrepreneurship Centre
111 Lisgar Street
Ground Floor
Ottawa, ON K2P 2L7
Tel.: (613) 560-6081
Fax: (613) 560-2102

Canada-Ontario Business Call Centre
Toronto, ON M5V 3E5
Tel.: (416) 954-4636 or 1-800-567-2345
Fax: (416) 954-8597
Faxback: (416) 954-8555 or 1-800-240-4192
E-Mail: cobcc@cbpsc.ic.gc.ca

Province of Manitoba:

Canada Business Service Centre
330 Portage Avenue
8th Floor
P.O. Box 2609
Winnipeg, MB R3C 4B3
Tel.: (204) 984-2272 or 1-800-665-2019
Fax: (204) 983-3852
Faxback: (204) 984-5527 or 1-800-665-9386
E-mail: manitoba@cbpsc.ic.gc.ca

Province of Saskatchewan:

Canada/Saskatchewan Business Service Centre
122-3rd Avenue North
Saskatoon, SK S7K 2H6
Tel.: (306) 956-2323 or 1-800-667-4374
Fax: (306) 956-2328
Faxback: (306) 956-2310 or 1-800-667-9433
E-mail: saskatooncbpsc@cbpsc.ic.gc.ca

Province of Alberta:

The Business Link
Business Service Centre
10237-104 Street
Suite 100
Edmonton, AB T5J 1B1
Tel.: (403) 422-7722 or 1-800-272-9675
Fax: (403) 422-0055
Faxback: (403) 427-7971 or 1-800-563-9926
E-mail: buslink@cbpsc.ic.gc.ca

Province of British Columbia:

Canada/British Columbia Business Service Centre
601 West Cordova Street
Vancouver, BC V6B 1G1
Tel.: (604) 775-5525 or 1-800-667-2272
Fax: (604) 775-5520
Faxback: (604) 775-5515 or 1-800-667-2272

Yukon Territory:

Canada/Yukon Business Service Centre
208 Main Street
Suite 201
Whitehorse, YK Y1A 2A9
Tel.: (403) 633-6257 or 1-800-661-0543
Faxback: (403) 633-2533 or 1-800-841-4320

Northwest Territories:

Canada/NWT Business Service Centre
5004-54th Street
3rd Floor
P.O. Box 1320
Yellowknife, NT X1A 2L9
Tel.: (403) 873-7958 or 1-800-661-0599
Fax: (403) 873-0101
Faxback: (403) 873-0575 or 1-800-661-0825
E-mail: yel@cbsc.ic.gc.ca

BIO-INDUSTRIES BRANCH

Industry Canada
235 Queen Street
9th Floor East
Ottawa, ON K1A 0H5
Tel.: (613) 954-4715
Fax: (613) 952-4209

CITIZENSHIP AND IMMIGRATION CANADA

IMMIGRANT INVESTOR PROGRAM

300 Slater Avenue
7th Floor
Ottawa, ON K1A 1L1

Information on this program is best found at a Canadian Embassy or Consulate. Application forms and program information are available in the appropriate language.

REVENUE CANADA

Revenue Canada, Customs Program Branch provides a Trade Agreements Enquiries Line with service available in Spanish. Information on NAFTA, Canada-Chile and Canada-Israel Trade Agreements, along with Revenue Canada publications and customs notices, are available by calling or faxing the enquiries line. For more information, contact:

TRADE AGREEMENTS ENQUIRIES LINE

Revenue Canada, Customs Programs Branch
555 MacKenzie Avenue
Ottawa, ON K1A 0L5
Tel.: (613) 941-0965 or 1-800-661-6121
Fax: (613) 952-0022

AGRICULTURE AND AGRI-FOOD CANADA

RESEARCH BRANCH

Business Initiatives Office
Central Experimental Farm
Ottawa, ON K1A 0C6
Tel.: (613) 759-7795
Fax: (613) 759-1506

MARKET AND INDUSTRY SERVICES BRANCH

Food Bureau
Sir John Carling Building
930 Carling Avenue
Ottawa, ON K1A 0C5
Tel.: (613) 759-7557
Fax: (613) 759-7480

Canadian Food Inspection Agency
59 Camelot Drive
Nepean, ON K1A 0Y9
Tel.: (613) 952-8000
Fax: (613) 228-6600

STATISTICS CANADA

Statistical Reference Centre

R.H. Coates Building
Ottawa, ON K1A 0T6
Tel.: (613) 951-8116
Fax: (613) 951-0581

NATIONAL RESEARCH COUNCIL (NRC)

Canadian companies hoping to succeed in the international marketplace may require additional technology to improve their competitiveness. The NRC works with Canadian firms of all sizes to develop and apply technology for economic benefit. It manages the Industrial Research Assistance Program (IRAP), a national network for the diffusion and transfer of technology. The Council also manages the Canada Institute for Scientific and Technical Information (CISTI) database.

The IRAP network supports the process of developing, accessing, acquiring, implanting and using technology throughout Canadian industry. IRAP has been in existence for 50 years and has acquired a reputation as one of the most flexible and effective federal programs. IRAP takes advantage of an extensive network of more than 190 different locations within approximately 90 communities across Canada, including numerous provincial technology centres, the NRC's own laboratories and research institutes, federal government departments, and technology transfer offices in Canadian universities. Innovation assistance is currently a major focus for IRAP. For further information, contact:

Industrial Research Assistance Program

National Research Council
Montreal Road
Building M-58
Ottawa, ON K1A 0R6
Tel.: (613) 993-1770
Fax: (613) 952-1086

Canada Institute for Scientific and Technical Information

National Research Council
Montreal Road
Building M-55
Ottawa, ON K1A 0S2
Tel.: (613) 993-1600 or 1-800-668-1222
Fax: (613) 952-9112

Institute for Marine Biosciences

National Research Council
1411 Oxford Street
Halifax, NS B3H 3Z1
Tel.: (902) 426-8278
Fax: (902) 426-9413

Institute for Microstructural Sciences

National Research Council
Montreal Road
Ottawa, ON K1A 0R6
Tel.: (613) 993-9369
Fax: (613) 957-8734

Institute for Biodiagnostics

National Research Council
435 Ellice Avenue
Winnipeg, MB R3B 1Y6
Tel.: (204) 983-7692
Fax: (204) 983-3154

HEALTH CANADA

Health Protection Branch

Policy and Scientific Affairs
Tunney's Pasture
Ottawa, ON K1A 0L2
Tel.: (613) 954-3006
Fax: (613) 954-9981

ENVIRONMENT CANADA

Technology Outreach Section

Environmental Technology Advancement Directorate
351 St. Joseph Boulevard
18th Floor
Hull, QC K1A 0H3
Fax: (613) 953-7253

WASTEWATER TECHNOLOGY CENTRE (WTC)

Established in 1971 by Environment Canada as an R&D laboratory, the WTC has become the foremost Canadian facility in the development and evaluation of treatment and disposal technology for municipal and industrial wastewaters and associated residues. WTC also fulfills a prominent role in international trade and scientific negotiations. The Centre is now under the contractual supervision of RockCliffe Research Management Inc. It is presently in a better position to provide support to government programs and to develop and commercialize innovative technology in support of Canada's environmental protection needs.

Wastewater Technology Centre (WTC)

867 Lakeshore Road
P.O. Box 5068
Burlington, ON L7R 4L7
Tel.: (905) 336-4855
Fax: (905) 336-4765

NATURAL RESOURCES CANADA

Canadian Forest Service

580 Booth Street
Ottawa, ON K1A 0E4
Tel.: (613) 947-7345
Fax: (613) 947-7397

CANADIAN INTELLECTUAL PROPERTY OFFICE (CIPO)

Place du Portage, Phase I
50 Victoria Street
Hull, QC K1A 0C9
Tel.: (819) 997-1936
Fax: (819) 953-7620

CANADIAN INTERNATIONAL DEVELOPMENT AGENCY (CIDA)

An important possible source of financing for Canadian ventures is the special fund available through CIDA under the Industrial Cooperation Program (CIDA/INC). This

program provides financial contributions to stimulate Canadian private-sector involvement in developing countries by supporting long-term business relationships such as joint ventures and licensing arrangements. INC supports the development of linkages with the private sector by encouraging Canadian enterprises to share their skills and experiences with partners in other countries. A series of INC mechanisms help enterprises to establish mutually beneficial collaborative arrangements for the transfer of technology and the creation of employment in Mexico.

There are five INC mechanisms that help eligible Canadian firms to conduct studies and that provide professional guidance and advice to potential clients. Where a project involves environmental improvement, technology transfer, developmental assistance to women, job training or job creation, early contact with CIDA's Industrial Cooperation Division is suggested. An important CIDA criterion is that the project creates jobs without threatening jobs in Canada. In fact, most CIDA-assisted projects have produced net increases in Canadian jobs. For more information, contact:

Industrial Cooperation Division

Canadian International Development Agency
200 Promenade du Portage
Hull, QC K1A 0G4
Tel.: (819) 994-4348, 997-7905
Fax: (819) 953-5024

CANADIAN RADIO-TELEVISION AND TELECOMMUNICATIONS COMMISSION (CRTC)

Canadian Radio-Television and Telecommunications Commission

1 Promenade du Portage
Terrace de la Chaudière
Hull, QC K1A 0N2
Tel.: (819) 997-0272
Fax: (819) 953-3756

BUSINESS DEVELOPMENT BANK OF CANADA (BDC)

5 Place Ville Marie
Suite 400
Montreal, QC H3B 5E7
Tel.: (514) 283-5904 or 1-888-463-6232
Fax: (514) 283-0617

EXPORT DEVELOPMENT CORPORATION (EDC)

EDC is a customer-driven, financial services corporation dedicated to helping Canadian businesses succeed in the global marketplace. EDC provides a wide range of risk management services, including insurance, financing and guarantees to Canadian exporters and their customers around the world.

EDC's products fall into four main categories:

- export credit insurance, covering short- and medium-term credits;
- performance-related guarantees and insurance, providing cover for exporters and financial institutions against calls on various performance bonds and obligations that are normally issued either by banks or surety companies;
- foreign investment insurance, providing political risk protection for Canadian investments abroad; and
- export financing, providing medium- and long-term export financing to foreign buyers of Canadian goods and services.

Exporters can call (613) 598-2860 for more information.

Smaller exporters, with annual export sales under C \$1 million, should call the Emerging Exporter Team at 1-800-850-9626.

Exporters in the information technology sector can call EDC's Information Technologies Team at (613) 598-6891.

For information on the full range of EDC services, contact any of the EDC offices listed below.

To call any of EDC's regional offices toll-free:
1-888-332-3320

Nova Scotia:

Export Development Corporation
Purdy's Wharf, Tower II
1969 Upper Water Street
Suite 1410
Halifax, NS B3J 3R7
Tel.: (902) 429-0426
Fax: (902) 423-0881

New Brunswick:

Export Development Corporation
1045 Main Street
Suite 103, 4th Floor
Moncton, NB E1C 1H1
Tel.: (506) 851-6066
Fax: (506) 851-6406

Quebec:

Export Development Corporation
Tour de la Bourse
800 Victoria Square
Suite 4520
P.O. Box 124
Montreal, QC H4Z 1C3
Tel.: (514) 283-3013
Fax: (514) 878-9891

Ontario:

Export Development Corporation
Head Office
151 O'Connor Street
Ottawa, ON K1A 1K3
Tel.: (613) 598-2500
Fax: (613) 237-2690
Internet: <http://www.edc.ca>

Export Development Corporation
National Bank Building
150 York Street
Suite 810
P.O. Box 810
Toronto, ON M5H 3S5
Tel.: (416) 973-6211
Fax: (416) 862-1267

Export Development Corporation
Talbot Centre
148 Fullarton Street
Suite 1512
London, ON N6A 5P3
Tel.: (519) 645-5828
Fax: (519) 645-5580

*Manitoba:**

Export Development Corporation
Commodity Exchange Tower
360 Main Street
Suite 2075
Winnipeg, MB R3C 3Z3
Tel.: (204) 983-5114
Fax: (204) 983-0163

**office also serves Saskatchewan*

Alberta:

Export Development Corporation
510-5th Street S.W.
Suite 1030
Calgary, AB T2P 3S2
Tel.: (403) 292-6898
Fax: (403) 292-6902

Export Development Corporation
10303 Jasper Avenue
Suite 502
Edmonton, AB T5J 3N6
Tel.: (403) 495-2286
Fax: (403) 495-2346

British Columbia:

Export Development Corporation
One Bentall Centre
505 Burrard Street
Suite 1030
Vancouver, BC V7X 1M5
Tel.: (604) 666-6234
Fax: (604) 666-7550

HUMAN RESOURCES DEVELOPMENT CANADA

General Enquiries
Place du Portage
140 Promenade du Portage
Hull, QU K1A 0J9
Tel.: (819) 994-6313
Fax: (819) 953-7260

REGIONAL DEVELOPMENT ORGANIZATIONS

ATLANTIC CANADA OPPORTUNITIES AGENCY (ACOA)

ACOA manages several financial and technical assistance programs directed to the economic development needs of Atlantic Canadian small- and medium-sized enterprises with special emphasis on the development of industry, trade, investment, technology and entrepreneurship.

Head Office

Blue Cross Centre
644 Main Street
P.O. Box 6051
Moncton, NB E1C 9J8
Tel.: (506) 851-2271
Fax: (506) 851-7403

**For more information, please consult the
Atlantic Canada section, following page 16**

FEDERAL OFFICE OF REGIONAL DEVELOPMENT-QUEBEC (FORD-Q)

FORD-Q administers the Canada-Quebec Subsidiary Agreement on the Economic Development of the

Region of Quebec. Its overall objective is to increase the number of large-scale industrial investments in Quebec and thereby encourage technological innovation, subcontracting and the creation of permanent skilled jobs. Financial assistance can be obtained for feasibility studies and capital investment.

Info entrepreneurs

5 Place Ville-Marie
Plaza Level, Suite 12500
Montreal, QC H3B 4Y2
Tel.: (514) 496-4636 or 1-800-322-4636
Fax: (514) 496-5934
Info-Fax: (514) 496-4010 or 1-800-322-4010
E-mail: info-entrepreneurs@bfdrq-fordq.gc.ca

NORTHERN ONTARIO DEVELOPMENT FUND (FedNor)

FedNor is the federal government's economic development initiative in Northern Ontario. It provides contributions for eligible capital projects, marketing, innovation and related activities that will generate new business and employment opportunities in the region.

FedNor

302 Queen Street East
Sault Ste. Marie, ON P6A 1Z1
Tel.: (705) 942-1327
Fax: (705) 942-5434

WESTERN ECONOMIC DIVERSIFICATION CANADA

Western Economic Diversification Canada offers a variety of support mechanisms, ranging from small-business assistance to large, industry-wide programs. It is a valuable source of information on western Canada, including additional sources of support in the region. The agency has offices in all four western provinces.

Head Office

Canada Place
9700 Jasper Avenue
Suite 1500
Edmonton, AB T5J 4H7
Tel.: (403) 495-4164
Fax: (403) 495-4557

PROVINCIAL AND TERRITORIAL GOVERNMENTS

NEWFOUNDLAND AND LABRADOR

TRADE AND INVESTMENT DIVISION

Department of Industry, Trade and Technology
P.O. Box 8700
St. John's, NF A1B 4J6
Tel.: (709) 729-2781
Fax: (709) 729-3208

PRINCE EDWARD ISLAND

ENTERPRISE PEI

Department of Economic Development and Tourism
P.O. Box 2000
Charlottetown, PE C1A 7N8
Tel.: (902) 368-6300
Fax: (902) 368-6301

NEW BRUNSWICK

TRADE AND INVESTMENT BRANCH

Department of Economic Development and Tourism
P.O. Box 6000
Fredericton, NB E3B 5H1
Tel.: (506) 444-4292
Fax: (506) 444-4277, 453-3783

NOVA SCOTIA

INVESTMENT AND TRADE

Nova Scotia Economic Development and Tourism
1800 Argyle Street
Suite 520
P.O. Box 519
Halifax, NS B3J 2R7
Tel.: (902) 424-5320
Fax: (902) 424-0664

QUEBEC

INVESTMENT SERVICES

Ministry of Industry, Commerce, Science
and Technology
770 Sherbrooke Street West
7th Floor
Montreal, QC H3A 1G1
Tel.: (514) 982-3013
Fax: (514) 873-4503

ONTARIO

INVESTMENT SERVICES

Ministry of Economic Development and Trade
Hearst Block
900 Bay Street
5th Floor
Toronto, ON M7A 2E1
Tel.: (416) 325-6824 or 1-800-819-8701
Fax: (416) 325-6814

MANITOBA

INDUSTRY DEVELOPMENT

Department of Industry, Trade and Tourism
155 Carlton Street
Suite 500
Winnipeg, MB R3C 3H8
Tel.: (204) 945-5913
Fax: (204) 957-3977

SASKATCHEWAN

DEVELOPMENT SERVICES

Saskatchewan Economic and Cooperative
Development
1919 Saskatchewan Drive
6th Floor
Regina, SK S4P 3V7
Tel.: (306) 787-4707
Fax: (306) 787-3989

ALBERTA

TOURISM, TRADE AND INVESTMENT DIVISION

Department of Alberta Economic Development
and Tourism
Commerce Place
10155-102nd Street
4th Floor
Edmonton, AB T5J 4L6
Tel.: (403) 422-6236
Fax: (403) 422-9127

BRITISH COLUMBIA

Investment Branch

BC Trade and Investment Office
Ministry of Employment and Investment
999 Canada Place
Suite 730
Victoria, BC V6C 3E1
Tel.: (604) 844-1900
Fax: (604) 660-2457

YUKON

Department of Economic Development

P.O. Box 2703
Whitehorse, YK Y1A 2C6
Tel.: (403) 667-5466
Fax: (403) 667-8601

NORTHWEST TERRITORIES

Trade and Investment Division

Department of Resources, Wildlife and
Economic Development
P.O. Box 1320
Yellowknife, NT X1A 2L9
Tel.: (403) 873-7364
Fax: (403) 873-0101

PRIVATE SECTOR SOURCES

Alliance of Manufacturers and Exporters Canada

1 Nicholas Street
Suite 1500
Ottawa, ON K1N 7B7
Tel.: (613) 238-8888
Fax: (613) 563-9218

75 International Boulevard
4th Floor
Etobicoke, ON M9W 6L9
Tel.: (416) 798-8000
Fax: (416) 798-8050

Business Council on National Issues (BCNI)

90 Sparks Street
Suite 806
Ottawa, ON K1P 5B4
Tel.: (613) 238-3727
Fax: (613) 236-8679

Canadian Advanced Technology Association (CATA)

388 Albert Street
2nd Floor
Ottawa, ON K1R 5B2
Tel.: (613) 236-6550
Fax: (613) 236-8189

Canadian Chamber of Commerce (CCC)

Head Office
350 Sparks Street
Suite 501
Ottawa, ON K1R 7S8
Tel.: (613) 238-4000
Fax: (613) 238-7643

Canadian Federation of Independent Business (CFIB)

4141 Yonge Street
Suite 401
Willowdale, ON M2P 2A6
Tel.: (416) 222-8022
Fax: (416) 222-4337

Canadian Importers Association

210 Dundas Street West
Suite 700
Toronto, ON M5G 2E8
Tel.: (416) 595-5333
Fax: (416) 595-8226

Canadian Standards Association (CSA)

178 Rexdale Blvd.
Etobicoke, ON M9W 1R3
Tel.: (416) 747-4000
Fax: (416) 747-4149

Centre de recherche industrielle du Québec (CRIQ)

8475 Christopher Columbus
Montreal, QC H2N 2M9
Tel.: (514) 383-1550
Fax: (514) 383-3250

Electro-Federation Canada

10 Carlson Court
Suite 210
Etobicoke, ON M9W 6L2
Tel.: (416) 674-7410
Fax: (416) 674-7412

Food Research and Development Centre

3000 Casavani Blvd. West
Saint-Hyacinthe, QC J2S 8E3
Tel.: (514) 773-1105
Fax: (514) 773-8461

Geomatics Industry Association of Canada

170 Laurier Avenue West
Suite 1204
Ottawa, ON K1P 5V5
Tel.: (613) 232-8770
Fax: (613) 232-4908

**Information Technology Association of Canada
(ITAC)**

2800 Skymark Avenue
Suite 402
Mississauga, ON L4W 5A6
Tel.: (905) 602-8345
Fax: (905) 602-8346

Ortech International

2395 Speakman Drive
Mississauga, ON L5K 1B3
Tel.: (905) 822-4111
Fax: (905) 823-1446

**Pharmaceutical Manufacturers Association of
Canada (PMAC)**

1111 Prince of Wales Drive
Suite 302
Ottawa, ON K2C 3T2
Tel.: (613) 727-1380
Fax: (613) 727-1407

Quality Management Institute

90 Burnhamthorpe Road West
Suite 300
Mississauga, ON L5B 3C3
Tel.: (905) 272-3920
Fax: (905) 272-4538

Standards Council of Canada

45 O'Connor Street
Suite 1200
Ottawa, ON K1P 6N7
Tel.: (613) 238-3222
Fax: (613) 995-4564

Waterloo Centre for Groundwater Research

BFG Building
200 University Avenue
Room 1201
Waterloo, ON N2L 3G1
Tel.: (519) 888-4567 ext. 2892
Fax: (519) 725-8720

APPENDIX B – INTERNATIONAL TRADE CENTRES IN CANADA

INTERNATIONAL TRADE CENTRES

The Department of Foreign Affairs and International Trade (DFAIT) and Industry Canada (IC) have established International Trade Centres (ITCs) across Canada to assist first-time and experienced Canadian exporters. They provide trade publications; recruit participants for trade fairs and missions; and provide a wide range of services to companies seeking export counselling, technology transfer or joint ventures with foreign investors. For further information contact the ITC nearest you.

NOVA SCOTIA

International Trade Centre
1801 Hollis Street
P.O. Box 940, Station M
Halifax, NS B3J 2V9
Tel.: (902) 426-7540
Fax: (902) 426-2624

NEW BRUNSWICK

International Trade Centre
Assumption Place
770 Main Street
P.O. Box 1210
Moncton, NB E1C 8P9
Tel.: (506) 851-6452
Fax: (506) 851-6429
Toll free (New Brunswick only): 1-800-332-3801

NEWFOUNDLAND

International Trade Centre
Atlantic Place
215 Water Street
Suite 504
P.O. Box 8950
St. John's, NF A1B 3R9
Tel.: (709) 772-5511
Fax: (709) 772-2373

PRINCE EDWARD ISLAND

International Trade Centre
75 Fitzroy Street
2nd Floor
P.O. Box 1115
Charlottetown, PE C1A 7M8
Tel.: (902) 566-7400
Fax: (902) 566-7450

QUEBEC

International Trade Centre
5 Place Ville Marie
Suite 800
Montreal, QC H3B 2G2
Tel.: (514) 496-4636
Fax: (514) 283-8794

ONTARIO

International Trade Centre
Dominion Public Building
1 Front Street West
4th Floor
Toronto, ON M5J 1A4
Tel.: (416) 973-5053
Fax: (416) 973-8161

MANITOBA

International Trade Centre
330 Portage Avenue
8th Floor
P.O. Box 981
Winnipeg, MB R3C 2V2
Tel.: (204) 983-6531
Fax: (204) 983-2187

SASKATCHEWAN

SASKATOON OFFICE:
123 Second Avenue South
7th Floor
Saskatoon, SK S7K 5X2
Tel.: (306) 975-5315
Fax: (306) 975-5334

REGINA OFFICE:

1919 Saskatchewan Drive
2nd Floor
P.O. Box 3750
Regina, SK S4P 3N8
Tel.: (306) 780-6325/6124
Fax: (306) 780-8797

ALBERTA

EDMONTON OFFICE:

International Trade Centre
Canada Place
9700 Jasper Avenue
Room 540
Edmonton, AB T5J 4C3
Tel.: (403) 495-2944
Fax: (403) 495-4507

CALGARY OFFICE:

510 – 5th Street SW
Suite 1100
Calgary, AB T2P 3S2
Tel.: (403) 292-6660
Fax: (403) 292-4578

BRITISH COLUMBIA

International Trade Centre
900 – 650 West Georgia Street
P.O. Box 11610
Vancouver, BC V6B 5H8
Tel.: (604) 666-0434
Fax: (604) 666-8330

APPENDIX C – LIST OF CANADIAN MISSIONS ABROAD

For trade or investment matters, please contact the appropriate mission below and ask to speak with the senior trade commissioner. For updated information, refer to the web site of the Department of Foreign Affairs and International Trade (DFAIT) at <http://www.dfait-maeci.gc.ca>.

Afghanistan (Republic of) *see Pakistan*

Albania (Socialist People's Republic of) *see Hungary*

Algeria (People's Democratic Republic of)

Canadian Embassy

Street Address:

27 bis, rue des Frères Benhafid

Hydra, Algiers

Mailing Address:

P.O. Box 48

Alger-Gare, 16000 Alger, Algiers

People's Democratic Republic of Algeria

Tel.: (213-2) 69.16.11

Fax: (213-2) 69.39.20, 69.17.34

Andorra (Principality of) *see Spain*

Angola (People's Republic of) *see Zimbabwe*

Anguilla *see Barbados*

Antigua *see Barbados*

Argentina (Argentine Republic)

Canadian Embassy

Street Address:

Tagle 2828

1425, Buenos Aires

Mailing Address:

Casilla de Correo 1598

1000, Buenos Aires

Argentina

Tel.: (54-1) 805-3032

Fax: (54-1) 806-1209

Armenia (Republic of) *see Russian Federation*

Australia (Commonwealth of)

Canberra

Canadian High Commission

Commonwealth Avenue

Canberra ACT 2600

Commonwealth of Australia

Tel.: (61-6) 273-3844

Fax: (61-6) 270-4695

Sydney

Canadian Consulate General

Quay West

111 Harrington Street, Level 5

Sydney NSW 2000

Commonwealth of Australia

Tel.: (61-2) 9364-3000

Fax: (61-2) 9364-3098

Austria (Republic of)

Canadian Embassy

Laurenzerberg 2
A-1010 Vienna
Austria
Tel.: (43-1) 531-38-3000
Fax: (43-1) 531-38-3321

Azerbaijan (Republic of) *see Turkey*

Azores *see Portugal*

Bahamas (Commonwealth of the)
see Jamaica

Bahrain (Emirate of) *see Kuwait*

Balearic Islands *see Spain*

Bangladesh (People's Republic of)

Canadian High Commission

Street Address:
House CWN 16/A
Road 48, Gulshan
Dhaka 1212
Mailing Address:
G.P.O. Box 569
Dhaka 1000
People's Republic of Bangladesh
Tel.: (880-2) 60-70-71/88-70-91
Fax: (880-2) 88-30-43

Barbados

Canadian High Commission

Street Address:
Bishop's Court Hill
St. Michael
Mailing Address:
P.O. Box 404
Bridgetown
Barbados
Tel.: (809) 429-3550
Fax: (809) 429-3780

Barbuda *see Barbados*

Belarus (Republic of) *see Russian Federation*

Belgium (Kingdom of)

Canadian Embassy

2, avenue de Tervuren
1040 Brussels
Kingdom of Belgium
Tel.: (32-2) 741.06.11
Fax: (32-2) 741.06.06

Belize *see Jamaica*

Benin (Republic of) *see Côte d'Ivoire*

Bermuda *see United States (New York City)*

Bolivia (Republic of) *see Peru*

Bosnia and Herzegovina

Canadian Embassy

Logavina 7
71000 Sarajevo
Bosnia and Herzegovina
Tel.: (387-71) 447-900
Fax: (387-71) 447-901

Botswana (Republic of)
see Zimbabwe

Brazil (Federative Republic of)

Brasilia

Canadian Embassy

Street Address:
SES — Av. das Nações
Quadra 803, Lote 16
Brasilia, DF — 70410-900
Mailing Address:
Caixa Postal 00961
Brasilia, DF — 70359-970
Federative Republic of Brazil
Tel.: (55-61) 321-2171
Fax: (55-61) 321-4529

Sao Paulo

Canadian Consulate General

Street Address:
Edificio Top Centre
Avenida Paulista 854, 5th Floor
Sao Paulo 01310-913
Mailing Address:
Caixa Postal 62693
Sao Paulo 01214-970
Federative Republic of Brazil
Tel.: (55-11) 287-2122/2234
Fax: (55-11) 251-5057

Britain and Northern Ireland (United Kingdom of Great)

Canadian High Commission

Macdonald House
One Grosvenor Square
London W1X 0AB
England
Tel.: (44-171) 258-6600/6574
Fax: (44-171) 258-6333

British Virgin Islands *see Barbados*

Brunei Darussalam

Canadian High Commission

Street Address:
Britannia House, Suite 51
Jalan Cator
Bandar Seri Begawan
Mailing Address:
P.O. Box 2808
Bandar Seri Begawan 1928
Brunei Darussalam
Tel.: (673-2) 22-00-43
Fax: (673-2) 22-00-40

Bulgaria (Republic of) *see Romania*

Burkina Faso

Canadian Embassy

Street Address:
Street Agostino Neto
Ouagadougou
Mailing Address:
P.O. Box 548
Ouagadougou 01
Province du Kadiogo
Burkina Faso
Tel.: (226) 31-18-94/95
Fax: (226) 31-19-00

Burundi (Republic of) *see Kenya*

Cambodia (Kingdom of)

Canadian Embassy

Senei Vinnavaut Dum, Villa 9
Sangkat Chaktamouk
Khand Daun Penh
Phnom Penh
Kingdom of Cambodia
Tel.: (855-23) 426-000
Fax: (855-23) 211-389

Cameroon (Republic of)

Canadian Embassy

Street Address:
Immeuble Stamatiades
Place de l'Hôtel de Ville
Yaoundé
Mailing Address:
P.O. Box 572
Yaoundé
Republic of Cameroon
Tel.: (237) 22-18-22, 22-19-36,
23-23-11
Fax: (237) 22-10-90

Canary Islands *see Spain*

Cape Verde (Republic of) *see Senegal*

Cayman Islands *see Jamaica*

Central African Republic *see Cameroon*

Chad (Republic of) *see Cameroon*

Chile (Republic of)

Canadian Embassy

Street Address:
Nueva Tajamar 481, 12th Floor
Santiago
Mailing Address:
Casilla 139, Correo 10
Santiago
Republic of Chile
Tel.: (56-2) 362-9660
Fax: (56-2) 362-9664

China (People's Republic of)

Beijing

Canadian Embassy

19 Dong Zhi Men Wai Street
Chao Yang District
Beijing 100600
People's Republic of China
Tel.: (86-10) 6532-3536
Fax: (86-10) 6532-4072

Guangzhou

Consulate of Canada

China Hotel Office Tower, Suite
1563-4
Liu Hua Lu, Guangzhou 510015
People's Republic of China
Tel.: (86-20) 8666-0569
Fax: (86-20) 8667-2401

Shanghai

Canadian Consulate General

American International Centre
West Tower, Suite 604
Shanghai Centre, 1376 Nanjing Xi Lu
Shanghai 200040
People's Republic of China
Tel.: (86-21) 6279-8400
Fax: (86-21) 6279-8401

Hong Kong Special

Administrative Region

Commission for Canada

Street Address:
Exchange Square, 11-14th Floors
8 Connaught Place
Hong Kong Special Administrative
Region
Mailing Address:
G.P.O. Box 11142
Hong Kong Special Administrative
Region
People's Republic of China
Tel.: (852) 2810-4321
Fax: (852) 2810-6736

Colombia (Republic of)

Canadian Embassy

Street Address:
Calle 76, n° 11-52
Bogota
Mailing Address:
Apartado Aereo 53531
Bogota 2
Republic of Colombia
Tel.: (57-1) 313-1355
Fax: (57-1) 313-3046

Comoros (Islamic Federal Republic of) *see Tanzania*

Congo (People's Republic of)
see Zaire

Cook Islands *see New Zealand*

Costa Rica (Republic of)

Canadian Embassy

Street Address:
Oficentro Ejecutivo La Sabana
detrás de la Contraloría
Sabana Sur, San José
Mailing Address:
Apartado Postal 351-1007
Centro Colón, San José
Republic of Costa Rica
Tel.: (506) 296-4149
Fax: (506) 296-4280

Côte d'Ivoire (Republic of)

Canadian Embassy

Street Address:
Immeuble 'Trade-Center'
23, avenue Nogues
Le Plateau, Abidjan
Mailing Address:
B.P. 4104
Abidjan 01
Republic of Côte d'Ivoire
Tel.: (225) 21-20-09
Fax: (225) 22-05-30

Croatia (Republic of)

Canadian Embassy

Hotel Esplanade
Mihanovieva 1
10000 Zagreb
Republic of Croatia
Tel.: (385-1) 457-7885/7754
Fax: (385-1) 457-7913

Cuba (Republic of)

Canadian Embassy

Calle 30, n° 518, Esquina a7a
Miramar, Havana
Republic of Cuba
Tel.: (53-7) 24-25-16/17, 24-27-52
Fax: (53-7) 24-20-44, 24-23-82,
24-25-27

Cyprus (Republic of) *see Israel*

Czech Republic

Canadian Embassy

Mickiewiczova 6
125 33 Prague 6
Czech Republic
Tel.: (42-2) 431-1108/09/10/11/12
Fax: (42-2) 431-0294

Denmark (Kingdom of)

Canadian Embassy

Kr. Bernikowskade 1
1105 Copenhagen K
Kingdom of Denmark
Tel.: (45-33) 12-22-99
Fax: (45-33) 12-42-10

Djibouti (Republic of) *see Ethiopia*

Dominica (Commonwealth of) *see Barbados*

Dominican Republic

Office of the Canadian Embassy

Street Address:
Maximo Gomez 30
Santo Domingo
Mailing Address:
Apartado 2054
Santo Domingo 1
Dominican Republic
Tel.: (809) 689-002
Fax: (809) 682-2691

Ecuador (Republic of)

Canadian Embassy

Street Address:
Av. 6 de Diciembre 2816 y James
Orton
Edificio Josueth Gonzalez, 4th Floor
Quito
Mailing Address:
Apartado 17-11-6512 CCI
Quito
Republic of Ecuador
Tel.: (593-2) 506-163, 543-214,
564-795
Fax: (593-2) 503-108

Egypt (Arab Republic of)

Canadian Embassy

Street Address:
Arab International Bank Building
5 Midan El Saraya el Kobra
Garden City, Cairo
Mailing Address:
P.O. Box 1667 Kasr El Doubara
Cairo
Arab Republic of Egypt
Tel.: (20-2) 354-3110
Fax: (20-2) 356-7659

El Salvador (Republic of)

Canadian Embassy

Avenida Las Palmas, n° 111
Colonia San Benito, San Salvador
Republic of El Salvador
Tel.: (503-2) 794-655
Fax: (503-2) 790-765

England *see Britain*

Equatorial Guinea (Republic of) *see Gabon*

Eritrea *see Ethiopia*

Estonia (Republic of)

Canadian Embassy

Toomkooli 13, 2nd Floor
0100 Tallinn
Republic of Estonia
Tel.: (372) 631-3570
Fax: (372) 631-3573

Ethiopia

Canadian Embassy

Street Address:
Old Airport Area
Higher 23, Kebele 12
House No. 122
Addis Ababa
Mailing Address:
P.O. Box 1130
Addis Ababa
Ethiopia
Tel.: (251-1) 713-022
Fax: (251-1) 713-033

European Union

Mission of Canada to the European Union

2, avenue de Tervuren
1040 Brussels
Kingdom of Belgium
Tel.: (32-2) 741-0660
Fax: (32-2) 741-0629

Faroe Islands *see Denmark*

Fiji *see New Zealand*

Finland (Republic of)

Canadian Embassy

Street Address:
Pohjois Esplanadi 25 B
00100 Helsinki
Mailing Address:
P.O. Box 779
00101 Helsinki
Republic of Finland
Tel.: (358-9) 171-141
Fax: (358-9) 601-060

France (French Republic)

Paris

Canadian Embassy

35, avenue Montaigne
75008 Paris
France
Tel.: (33-1) 44.43.29.00
Fax: (33-1) 44.43.29.99

Lyon

Consulate of Canada

Institut Marcel Mérieux
17-21, rue Bourgelat
69002 Lyon
France
Tel.: (33) 72.73.79.20
Fax: (33) 72.73.79.93

French Guyana *see Guyana*

French Polynesia *see New Zealand*

Gabon (Gabonese Republic)

Canadian Embassy

Mailing Address:
P.O. Box 4037
Libreville
Gabon
Tel.: (241) 74-34-64/65
Fax: (241) 74-34-66

Gambia (Republic of) *see Senegal*

General Agreement on Tariffs and Trade (GATT)

Permanent Mission of Canada to the
Secretariat of the General Agreement
on Tariffs and Trade
1, rue du Pré de la Pichette
1202 Geneva
Switzerland
Tel.: (41-22) 733.90.00
Fax: (41-22) 734.79.19

Georgia (Republic of) *see Turkey*

Germany

Missions in Germany are organized on
an industry sector basis as opposed to a
geographic basis. Therefore, all trade
enquiries should be directed to the
mission identified as having specific
responsibility for the product in question.

Bonn

Sector responsibilities: aerospace and
defence products, security equipment,
books, musical instruments, fish and
agri-food, environment, marine indus-
tries, chemicals, cultural industries, policy
and regulatory matters, government pro-
curement, remote sensing (incl. satellite
space communications), power & energy
equipment, engineering services, man-
agement consulting services; and liaison
with Telecom.

Canadian Embassy

Street Address:
Friedrich-Wilhelm-Strasse 18
53113 Bonn
Mailing Address:
Postfach 12 02 40
53044 Bonn
Germany
Tel.: (49-228) 968-0
Fax: (49-228) 968-3904

Berlin

Sector responsibilities: economic and
commercial relations with Berlin and the
five new German states; and construction
industry and agricultural equipment
throughout Germany.

Canadian Embassy

Internationales Handelszentrum
Friedrichstrasse 95, 23rd Floor
10117 Berlin
Germany
Tel.: (49-30) 261-1161
Fax: (49-30) 262-9206

Düsseldorf

Sector responsibilities: oil and gas, min-
ing, minerals and metals, forest products,
primary and secondary industry machi-
nery (excluding agricultural machinery);
and tourism promotion throughout
Germany.

Consulate of Canada

Prinz-Georg-Str. 126
40479 Düsseldorf
Germany
Tel.: (49-211) 17-21-70
Fax: (49-211) 35-91-65

Munich

Sector responsibilities: automotive and
surface transportation equipment; elec-
trical and electronic products; computers,
computer software and hardware; medi-
cal and health care and related equipment
and services; telecommunication equip-
ment and services; education training;
consumer products and services.

Consulate of Canada

Tal 29
80331 Munich
Germany
Tel.: (49-89) 219-9570
Fax: (49-89) 219-9575

Ghana (Republic of)

Canadian High Commission

Street Address:
46 Independence Avenue
Accra
Mailing Address:
P.O. Box 1639
Accra
Republic of Ghana
Tel.: (233-21) 228-555/566, 773-791
Fax: (233-21) 773-792

Gibraltar *see Britain*

Gilbert Islands *see New Zealand*

Greece (Hellenic Republic)

Canadian Embassy

4 Ioannou Ghenmadiou Street
115 21 Athens
Greece
Tel.: (30-1) 725-4011
Fax: (30-1) 725-3994

Greenland *see* **Denmark**

Grenada *see* **Barbados**

Guadeloupe *see* **Barbados**

Guam *see* **Japan**

Guatemala (Republic of)

Canadian Embassy

Street Address:

13 Calle 8-44, Zona 10

Edyma Plaza, 8th Floor

Guatemala City

Mailing Address:

P.O. Box 400

Guatemala City

Republic of Guatemala, C.A.

Tel.: (502-2) 333-6104

Fax: (502-2) 333-6161

Guinea (Republic of)

Canadian Embassy

P.O. Box 99

Conakry

Republic of Guinea

Tel.: (224) 41-23-95, 41-44-48,

46-37-32

Fax: (224) 41-42-36

Guinea-Bissau (Republic of) *see* **Senegal**

Guyana (Cooperative Republic of)

Canadian High Commission

Street Address:

High and Young Streets

Kingston, Georgetown

Mailing Address:

P.O. Box 10880

Georgetown

Cooperative Republic of Guyana

Tel.: (592-2) 72081, 72085

Fax: (592-2) 58380

Haiti (Republic of)

Canadian Embassy

Street Address:

Édifice Banque Nova-Scotia

Route de Delmas

Port-au-Prince

Mailing Address:

C.P. 826

Port-au-Prince

Republic of Haiti

Tel.: (509) 23-2358

Fax: (509) 23-8720

Honduras (Republic of)

Canadian Embassy

Street Address:

Edificio Commercial Los Castanos, 6° piso

Boulevard Morazan

Tegucigalpa

Mailing Address:

c/o The Canadian Embassy

Apartado Postal 351-1007

Centro Colón, San José

Costa Rica

Tel.: (504) 314-551/538

Fax: (504) 315-793

Hungary (Republic of)

Canadian Embassy

Budakeszi ut.

1121 Budapest

Republic of Hungary

Tel.: (36-1) 275-1200

Fax: (36-1) 275-1210

Iceland (Republic of) *see* **Norway**

India (Republic of)

New Delhi

Canadian High Commission

Street Address:

7/8 Shantipath

Chanakyapuri

New Delhi 110 021

Mailing Address:

P.O. Box 5207

New Delhi

Republic of India

Tel.: (91-11) 687-6500

Fax: (91-11) 687-5387/6579

Bombay

Consulate of Canada

41/42 Maker Chamber VI

Jamnalal Bajaj Marg, Nariman Point

Mumbai 400 021

Republic of India

Tel.: (91-22) 287-5479/6027/6028/

6029/6030

Fax: (91-22) 287-5514

Indonesia (Republic of)

Canadian Embassy

Street Address:

Wisma Metropolitan 1, 5th Floor

Jalan Jendral Sudirman Kav 29

Jakarta 12920

Mailing Address:

P.O. Box 8324/JKS.MP

Jakarta 12084

Republic of Indonesia

Tel.: (62-21) 525-0709

Fax: (62-21) 571-2251

Iran (Islamic Republic of)

Canadian Embassy

Street Address:

57 Shahid Javad Sarafraz

Ostad Motahari Avenue

15868 Tehran

Mailing Address:

P.O. Box 11365-4647

Tehran

Islamic Republic of Iran

Tel.: (98-21) 873-2623/2624

Fax: (98-21) 873-3202

Iraq (Republic of) *see* **Jordan**

Ireland (Republic of)

Canadian Embassy

Canada House

65/68 St. Stephen's Green

Dublin 2

Republic of Ireland

Tel.: (353-1) 478-1988

Fax: (353-1) 478-1285

Israel (State of)

Canadian Embassy

Street Address:

3 Nirim

Tel Aviv 67060

Mailing Address:

P.O. Box 6410

Tel Aviv 63405

State of Israel

Tel.: (972-3) 527-2929

Fax: (972-3) 527-2333

Italy (Italian Republic)

Rome

Canadian Embassy

Via G.B. de Rossi 27

00161 Rome

Italy

Tel.: (39-6) 44598-1

Fax: (39-6) 44598-750

Milan

Canadian Consulate General

Via Vittor Pisani 19

20124 Milan

Italy

Tel.: (39-2) 6758-1

Fax: (39-2) 6758-3900

Ivory Coast see Côte d'Ivoire

Jamaica

Canadian High Commission

Street Address

30-36 Knutsford Boulevard

Kingston 5

Mailing Address:

P.O. Box 1500

Kingston 10

Jamaica, W.I.

Tel.: (809) 926-1500

Fax: (809) 926-1702

Japan

Tokyo

Canadian Embassy

7-3-38 Akasaka

Minato-ku

Tokyo 107

Japan

Tel.: (81-3) 3408-2101/2108

Fax: (81-3) 3470-7280

Fukuoka

Canadian Consulate

Street Address:

FT Building, 9F

4-8-28, Watanabe-Dori

Chuo-Ku

Fukuoka-Shi 810

Japan

Tel.: (81-92) 752-6055

Fax: (81-92) 752-6077

Nagoya

Canadian Consulate

Nakato Marunouchi Building, 6F

3-17-6 Marunouchi, Naka-Ku

Nagoya-Shi 460

Japan

Tel.: (81-52) 972-0450

Fax: (81-52) 972-0453

Osaka

Canadian Consulate General

Street Address:

Daisan Shoho Building, 12th Floor

2-2-3 Nishi-Shinsaibashi

Chuo-Ku

Osaka 542

Mailing Address:

P.O. Box 150

Osaka, Minami 542-91

Japan

Tel.: (81-6) 212-4910

Fax: (81-6) 212-4914

Jordan (Hashemite Kingdom of)

Canadian Embassy

Street Address:

Pearl of Shmeisani Building

Shmeisani

Amman

Mailing Address:

P.O. Box 815403

Amman 11180

Hashemite Kingdom of Jordan

Tel.: (962-6) 666-124/125/126

Commercial night line:

(962-6) 666-313

Fax: (962-6) 689-227

Kazakhstan (Republic of)

Canadian Embassy

34 Vinogradova Street

Almaty

Republic of Kazakhstan

Tel.: (7-327) 250-11-51/52/53/54

Fax: (7-327) 581-1493

Kenya (Republic of)

Canadian High Commission

Street Address:

Comcraft House

Hailé Sélassié Avenue

Nairobi

Mailing Address:

P.O. Box 30481

Nairobi

Republic of Kenya

Tel.: (254-2) 214-804

Fax: (254-2) 226-987/216-485

Korea (Republic of)

Canadian Embassy

Street Address:

Kolon Building, 10th and 11th Floors

45 Mugyo-Dong, Chung-Ku

Seoul 100-170

Mailing Address:

P.O. Box 6299

Seoul 100-662

Republic of Korea

Tel.: (82-2) 753-2605/6/7/8,

753-7290/1/2/3

Fax: (82-2) 755-0686

Kuwait (Emirate of)

Canadian Embassy

Street Address:
Da'Aiah, Area 4, Plot 121
24 Al-Mutawakel Street
Kuwait City
Mailing Address:
P.O. Box 25281 Safat
13113 Kuwait City
Emirate of Kuwait
Tel.: (965) 256-3025
Fax: (965) 256-4167

Kyrgyzstan (Republic of) *see*
Kazakhstan

Laos (People's Democratic Republic) *see* *Thailand*

Latvia (Republic of)

Canadian Embassy

Doma laukums 4, 4th Floor
Riga LV-1977
Republic of Latvia
Tel.: (37-1) 783-0141
Fax: (37-1) 783-0140

Lebanon (Lebanese Republic)

Canadian Embassy

Street Address:
Coolrite Building (seaside)
434 Autostrade
Jal-el-Dib
Mailing Address:
P.O. Box 60163
Jal-el-Dib
Lebanese Republic
Tel.: (961-1) 521-163/4/5/6
Fax: (961-1) 521-167

Lesotho (Kingdom of) *see* *South Africa*

Liberia (Republic of) *see* *Ghana*

Libya (Socialist People's Libyan Arab Jamahiriya) *see* *Tunisia*

Liechtenstein (Principality of) *see*
Switzerland

Lithuania (Republic of)

Canadian Embassy

Gedimino pr.64
2001 Vilnius
Republic of Lithuania
Tel.: (370-2) 220-898/865
Fax: (370-2) 220-884

Luxembourg (Grand Duchy of) *see*
Belgium

Macao *see* *China (Hong Kong Special Administrative Region)*

Macedonia (The Former Yugoslav Republic of) *see* *Hungary*

Madagascar (Democratic Republic of) *see* *Tanzania*

Madeira *see* *Portugal*

Malawi (Republic of) *see* *Zambia*

Malaysia (Federation of)

Canadian High Commission

Street Address:
Plaza MBF, 7th Floor
172 Jalan Ampang
50450 Kuala Lumpur
Mailing Address:
P.O. Box 10990
50732 Kuala Lumpur
Federation of Malaysia
Tel.: (60-3) 261-2000, 261-2031
(night line)
Fax: (60-3) 261-3428/261-1270

Maldives (Republic of) *see* *Sri Lanka*

Mali (Republic of) *see* *Côte d'Ivoire*

Malta (Republic of) *see* *Italy (Rome)*

Marshall Islands *see* *Philippines*

Martinique *see* *Barbados*

Mauritania (Islamic Republic of) *see*
Senegal

Mauritius *see* *South Africa*

Mexico (United Mexican States)

Mexico City

Canadian Embassy

Street Address:
Calle Schiller No. 529
Rincon del Bosque, Colonia Polanco
Mexico, D.F.
Mailing Address:
Apartado Postal 105-05
11580 Mexico D.F.
México
Tel.: (525) 724-7900
Fax: (525) 724-7982

Guadalajara

Canadian Consulate

Street Address:
Hotel Fiesta Americana
Local 30-A
Aurelio Aceves No. 225
Col. Vallarta Poniente
44110 Guadalajara, Jalisco
México
Tel.: (52-3) 616-5642
Fax: (52-3) 615-8665

Monterrey

Canadian Consulate

Street Address:
Edificio Kalos, Piso C-1, Local 108-A
Zaragoza y Constitution
Monterrey, Neuvo León
México
Tel.: (52-8) 344-3200/2753
Fax: (52-8) 344-3048

Micronesia (Federated States of) *see*
Philippines

Moldova (Republic of) *see*
Romania

Monaco (Principality of) *see* *France (Paris)*

Mongolia (Mongolian People's Republic) *see* *China (Beijing)*

Montserrat *see* *Barbados*

Morocco (Kingdom of)

Canadian Embassy

Street Address:

13 bis, rue Jaafar As-Saddik

Rabat-Agdal

Mailing Address:

C.P. 709

Rabat-Agdal

Kingdom of Morocco

Tel.: (212-7) 67-28-80

Fax: (212-7) 67-21-87

Mozambique (Republic of)

Canadian Embassy

Street Address:

rue Tomas Nduda

1345, Maputo

Mailing Address:

Maputo

Republic of Mozambique

Tel.: (258-1) 492-623

Fax: (258-1) 492-667

Myanmar (Union of) *see Thailand*

Namibia (Republic of) *see South Africa*

Nauru (Republic of) *see Australia (Canberra)*

Nepal (Kingdom of) *see India*

Netherlands (Kingdom of the)

Canadian Embassy

Sophialaan

2514 JD The Hague

Kingdom of the Netherlands

Tel.: (31-70) 361-1600

Fax: (31-70) 442-3220

New Caledonia *see Australia (Canberra)*

New Zealand

Wellington

Canadian High Commission

Street Address:

61 Molesworth Street, 3rd Floor

Thorndon, Wellington

Mailing Address:

P.O. Box 12-049

Thorndon, Wellington

New Zealand

Tel.: (64-4) 473-9577

Fax: (64-4) 471-2082

Auckland

Canadian Consulate

Street Address:

Jetset Centre, 9th Floor

44-48 Emily Place

Auckland

Mailing Address:

P.O. Box 6186

Wellesley St. Post Office

Auckland

New Zealand

Tel.: (64-9) 309-3690

Fax: (64-9) 307-3111

Nicaragua (Republic of) *see Costa Rica*

Niger (Republic of)

Canadian Embassy

Street Address:

Sonara II Building

Avenue du Premier Pont

Niamey

Mailing Address:

P.O. Box 362

Niamey

Republic of Niger

Tel.: (227) 73.36.86/87

Fax: (227) 75.31.01

Nigeria (Federal Republic of)

Canadian High Commission

Street Address:

4 Idowu Taylor Street

Victoria Island

Lagos

Mailing Address:

P.O. Box 54506

Ikoyi Station

Lagos

Federal Republic of Nigeria

Tel.: (234-1) 262-2513/4/5/6

Fax: (234-1) 262-2517

Niue *see New Zealand*

North Atlantic Council

Delegation of Canada to the North Atlantic Council

Léopold III Boulevard

1110 Brussels

Kingdom of Belgium

Tel.: (32-2) 707-7100

Fax: (32-2) 707-7150

Northern Ireland *see Britain*

Northern Marianas *see Philippines*

Norway (Kingdom of)

Canadian Embassy

Wergelandsveien 7

Oslo 0244

Kingdom of Norway

Tel.: (47-22) 99-53-00

Fax: (47-22) 99-53-01

Oman (Sultanate of) *see Saudi Arabia*

Organisation for Economic Co-operation and Development

Permanent Delegation of Canada to the OECD

15 bis, rue de Franqueville

75116 Paris

France

Tel.: (33-1) 44.43.20.90

Fax: (33-1) 44.43.20.99

Pakistan (Islamic Republic of)

Islamabad

Canadian High Commission

Street Address:

Diplomatic Enclave

Sector G-5

Islamabad

Mailing Address:

G.P.O. Box 1042

Islamabad

Islamic Republic of Pakistan

Tel.: (92-51) 279-100, 279-133
(night line)

Fax: (92-51) 279-110

Karachi

Canadian Consulate

Beach Luxury Hotel, 3rd Floor

M.T. Khan Road, Karachi 74000

Islamic Republic of Pakistan

Tel.: (92-21) 561-1031/1037

Fax: (92-21) 561-0673/0674

Palau (Republic of) *see Philippines*

Panama (Republic of)

Canadian Embassy

Street Address:

Edificio Banco Central Hispano, 4th Floor

Avenida Samuel Lewis

Panama City

Mailing Address:

Apartado 3658

Balboa Ancon

Panama City

Tel.: (507) 264-9731/7115

Fax: (507) 263-8083

Papua New Guinea *see Australia*
(Canberra)

Paraguay (Republic of) *see Chile*

Peru (Republic of)

Canadian Embassy

Street Address:

Calle Federico Gerdes 130

(antes Calle Libertad)

Miraflores, Lima

Mailing Address:

Casilla 18-1126, Correo Miraflores

Lima

Republic of Peru

Tel.: (51-1) 444-4015, 444-4688
(night line)

Fax: (51-1) 444-4347

Philippines (Republic of the)

Canadian Embassy

Street Address:

Allied Bank Centre, 9th & 11th Floors

6754 Ayala Avenue

Makati, Metro Manila

Mailing Address:

P.O. Box 2168

Makati Central Post Office

1261 Makati, Metro Manila

Republic of the Philippines

Tel.: (63-2) 867-0001

Fax: (63-2) 810-1699

Poland (Republic of)

Canadian Embassy

Ulica Jana Matejki 1/5

00-481 Warsaw

Republic of Poland

Tel.: (48-22) 629-80-51

Fax: (48-22) 629-64-57

Portugal (Portuguese Republic)

Canadian Embassy

Av. da Liberdade 144/56, 4th Floor

1250 Lisbon

Portuguese Republic

Tel.: (351-1) 347-4892

Fax: (351-1) 342-5628, 347-6466

Qatar (Emirate of) *see Kuwait*

Romania

Canadian Embassy

Street Address:

36 Nicolae Iorga

Bucharest

Mailing Address:

P.O. Box 117

Post Office No. 22

71118 Bucharest

Romania

Tel.: (40-1) 222-9845

Fax: (40-1) 312-0366

Russia (Russian Federation)

Canadian Embassy

Starokonyushenny Pereulok 23

Moscow 121002

Russian Federation

Tel.: (7-095) 956-6666

Fax: (7-095) 232-9949

Rwanda (Rwandese Republic) *see*
Kenya

San Marino *see Italy (Rome)*

Sao Tome and Principe
(Democratic Republic of) *see*
Gabon

Saudi Arabia (Kingdom of)

Riyadh

Canadian Embassy

Street Address:

Diplomatic Quarter

Riyadh

Mailing Address:

P.O. Box 94321

Riyadh 11693

Kingdom of Saudi Arabia

Tel.: (966-1) 488-2288/0275

Fax: (966-1) 488-0137/1997

Jeddah

Canadian Consulate

Street Address:

Zahid Corporate Headquarters
Corner of Mohammed Al Taweel St.
and Al-Salsabeel St.

Jeddah

Mailing Address:

P.O. Box 8928

Jeddah 21492

Kingdom of Saudi Arabia

Tel.: (966-2) 667-1156

Fax: (966-2) 669-0727

Senegal (Republic of)

Canadian Embassy

Street Address:

Sorano Building, 4th Floor
45, boul. de la République
Dakar

Mailing Address:

P.O. Box 3373

Dakar

Republic of Senegal

Tel.: (221) 23-92-90

Fax: (221) 23-87-49

Seychelles (Republic of) see Tanzania

Sierra Leone (Republic of) see Ghana

Singapore (Republic of)

Canadian High Commission

Street Address:

IBM Towers, 14th and 15th Floors
80 Anson Road
Singapore 079907

Mailing Address:

P.O. Box 845, Robinson Road
Singapore 901645

Republic of Singapore

Tel.: (65) 325-3200

Fax: (65) 325-3297

Slovakia (Republic of) see Czech Republic

Slovenia (Republic of) see Hungary

Solomon Islands see Australia (Canberra)

Somalia (Republic of) see Kenya

South Africa (Republic of)

Canadian High Commission Trade Office

Street Address:

Cradock Place, 1st Floor
10 Arnold Street, Rosebank
Johannesburg

Mailing Address:

P.O. Box 1394, Parklands 2121

Johannesburg

South Africa

Tel.: (27-11) 442-3130

Fax: (27-11) 442-3325

Spain (Kingdom of)

Madrid

Canadian Embassy

Street Address:

35 Nunez de Balboa
28001 Madrid

Mailing Address:

Apartado 587

28080 Madrid

Kingdom of Spain

Tel.: (34-1) 431-4300

Fax: (34-1) 431-2367

Barcelona

Canadian Trade Office

Passeig de Gracia, 77, 3º

08008 Barcelona

Spain

Tel.: (34-3) 215.07.04

Fax: (34-3) 487.91.17

Sri Lanka (Democratic Socialist Republic of)

Canadian High Commission

Street Address:

6 Gregory's Road
Cinnamon Gardens

Colombo

Mailing Address:

P.O. Box 1006

Colombo 7

Democratic Socialist Republic
of Sri Lanka

Tel.: (94-1) 69-58-41/42/43;

69-87-97

Fax: (94-1) 68-70-49

St. Helena see South Africa

St. Kitts and Nevis see Barbados

St. Lucia see Barbados

St. Martin see Barbados

St. Pierre-et-Miquelon see United States (Boston)

St. Vincent and the Grenadines see Barbados

Sudan (Republic of the) see Ethiopia

Suriname (Republic of) see Guyana

Swaziland (Kingdom of) see South Africa

Sweden (Kingdom of)

Canadian Embassy

Street Address:

Tegelbacken 4, 7th Floor
Stockholm

Mailing Address:

P.O. Box 16129

10323 Stockholm

Kingdom of Sweden

Tel.: (46-8) 453-3000/3015

Fax: (46-8) 24-24-91

Switzerland (Swiss Confederation)

Canadian Embassy

Street Address:

Kirchenfeldstrasse 88
3005 Berne

Mailing Address:

P.O. Box 3000

Berne 6

Switzerland

Tel.: (41-31) 357-3200

Fax: (41-31) 357-3210

Syria (Syrian Arab Republic)

Canadian Embassy

Street Address:

Lot 12

Mezzeh Autostrade

Damascus

Mailing Address:

P.O. Box 3394

Damascus

Syrian Arab Republic

Tel.: (9-63-11) 611-6692/6851/6870

Fax: (9-63-11) 611-4000

Taiwan

Canadian Trade Office

365 Fu Hsing North Road, 13th Floor

Taipei

Taiwan

Tel.: (886-2) 713-7268

Fax: (886-2) 712-7244

Tajikistan (Republic of) *see* *Kazakhstan*

Tanzania (United Republic of)

Canadian High Commission

Street Address:

38 Mirambo St. at Garden Avenue

Dar-es-Salaam

Mailing Address:

P.O. Box 1022

Dar-es-Salaam

United Republic of Tanzania

Tel.: (255-51) 112-832, 112-839
(night line)

Fax: (255-51) 116-897

Thailand (Kingdom of)

Canadian Embassy

Street Address:

The Boonmitr Building

138 Silom Road, 11th Floor

Bangkok 10500

Mailing Address:

P.O. Box 2090

Bangkok 10500

Kingdom of Thailand

Tel.: (66-2) 237-4126

Fax: (66-2) 236-6463, 236-7119

Togo (Togolese Republic) *see* *Ghana*

Tonga (Kingdom of) *see* *New Zealand (Wellington)*

Trinidad and Tobago (Republic of)

Canadian High Commission

Street Address:

Maple House

3-3A Sweet Briad Road

St. Clair, Port of Spain

Mailing Address:

P.O. Box 1246

Port of Spain

Republic of Trinidad and Tobago

Tel.: (868) 622-6232

Fax: (868) 628-2581

Tunisia (Republic of)

Canadian Embassy

Street Address:

3, rue du Sénégal

Place d'Afrique

Tunis

Mailing Address:

C.P. 31, Le Belvédère 1002

Tunis

Republic of Tunisia

Tel.: (216-1) 796-577

Fax: (216-1) 792-371

Turkey (Republic of)

Canadian Embassy

Nenehatun Caddesi 75

Gaziosmanpasa

06700 Ankara

Republic of Turkey

Tel.: (90-312) 436-1275/76/77

Fax: (90-312) 446-2811, 446-4437

Turkmenistan (Republic of) *see* *Turkey*

Turks and Caicos Islands *see* *Jamaica*

Tuvalu *see* *New Zealand (Wellington)*

U.S. Virgin Islands *see* *United States (Atlanta)*

Uganda (Republic of) *see* *Kenya*

Ukraine (Republic of)

Embassy of Canada

Street Address:

31 Yaroslaviv Val Street

Kiev 252034

Mailing Address:

P.O. Box 205

Kiev 252001

Republic of Ukraine

Tel.: (380-44) 212-0212/0312/2112

Fax: (380-44) 212-2339

United Arab Emirates (Federation of the)

Canadian Embassy

Street Address:

Tawan Tower I, 1st Floor, Suite 00-1

between Khalifa St. & The Corniche

Abu Dhabi

Mailing Address:

P.O. Box 6970

Abu Dhabi

United Arab Emirates

Tel.: (971-2) 263-655

Fax: (971-2) 263-424

United Kingdom *see* *Britain*

United Nations

Permanent Mission of Canada to the United Nations

One Dag Hammarskjöld Plaza

885 Second Avenue, 14th Floor

New York, New York 10017

U.S.A.

Tel.: (1-212) 751-5600

Fax: (1-212) 486-1295

United States of America

Washington

Canadian Embassy

501 Pennsylvania Avenue, N.W.

Washington, D.C. 20001

U.S.A.

Tel.: (1-202) 682-1740

Fax: (1-202) 682-7726

Atlanta

Canadian Consulate General

1175 Peachtree Street N.E.
100 Colony Square, Suite 1700
Atlanta, Georgia 30361-6205
U.S.A.
Tel.: (1-404) 532-2000
Fax: (1-404) 532-2050

Boston

Canadian Consulate General

Three Copley Place, Suite 400
Boston, Massachusetts 02116
U.S.A.
Tel.: (1-617) 262-3760
Fax: (1-617) 262-3415

Buffalo

Canadian Consulate General

One Marine Midland Center, Suite 3000
Buffalo, New York 14203-2884
U.S.A.
Tel.: (1-716) 858-9500
Fax: (1-716) 852-4340

Chicago

Canadian Consulate General

Two Prudential Plaza
180 N. Stetson Avenue, Suite 2400
Chicago, Illinois 60601
U.S.A.
Tel.: (1-312) 616-1860
Fax: (1-312) 616-1877

Cincinnati

Canadian Government Trade Office

250 East Fifth Street, Suite 1120
Cincinnati, Ohio 45202
U.S.A.
Tel.: (1-513) 762-7655
Fax: (1-513) 762-7802

Cleveland

Canadian Government Trade Office

2100 Terminal Tower
50 Public Square
Cleveland, Ohio 44113-2204
U.S.A.
Tel.: (1-216) 771-0150
Fax: (1-216) 771-1688

Dallas

Canadian Consulate General

St. Paul Place
750 N. St. Paul Street, Suite 1700
Dallas, Texas 75201
U.S.A.
Tel.: (1-214) 922-9806
Fax: (1-214) 922-9815

Detroit

Canadian Consulate General

600 Renaissance Center, Suite 1100
Detroit, Michigan 48243-1798
U.S.A.
Tel.: (1-313) 567-2340
Fax: (1-313) 567-2164

Los Angeles

Canadian Consulate General

550 South Hope St., 9th Floor
Los Angeles, California 90071-2627
U.S.A.
Tel.: (1-213) 346-2700
Fax: (1-213) 620-8827, 346-2767

Miami

Canadian Consulate

First Union Financial Center
200 South Biscayne Blvd., Suite 1600
Miami, Florida 33131
U.S.A.
Tel.: (1-305) 579-1600
Fax: (1-305) 374-6774

Minneapolis

Canadian Consulate General

701 Fourth Avenue South, Suite 900
Minneapolis, Minnesota 55415-1899
U.S.A.
Tel.: (1-612) 332-7486
Fax: (1-612) 332-4061

New York City

Canadian Consulate General

1251 Avenue of the Americas, 16th Floor
New York, New York 10020-1175
U.S.A.
Tel.: (1-212) 596-1600, 768-2400
Fax: (1-212) 596-1790

Philadelphia

Canadian Government Trade Office

GSB Building, Suite 611
One Belmont Avenue
Bala Cynwyd, Pennsylvania 19004
U.S.A.
Tel.: (1-610) 667-8210, 697-1264
Fax: (1-610) 667-8148

Princeton

Canadian Government Trade Office

90 Westcott Road
Princeton, New Jersey 08540
U.S.A.
Tel.: (1-609) 252-0777
Fax: (1-609) 252-0792

San Diego

Canadian Government Trade Office

4370 LaJolla Village Drive, Suite 600
San Diego, California 92122
U.S.A.
Tel.: (1-619) 546-4467
Fax: (1-619) 457-2844

San Francisco

Canadian Government Trade Office

50 Fremont Street, Suite 1825
San Francisco, California 94105
U.S.A.
Tel.: (1-415) 543-2550
Fax: (1-415) 512-7671

San Jose

Canadian Government Trade Office

333 West San Carlos Street, Suite 945
San Jose, California 95110
U.S.A.
Tel.: (1-408) 289-1157
Fax: (1-408) 289-1168

San Juan

Canadian Government Trade Office

107 Cereipo Street
Alt. de Santa Maria
Guaynaba, Puerto Rico 00609
Tel.: (1-809) 790-2210
Fax: (1-809) 790-2205

Seattle

Canadian Consulate General

412 Plaza 600
Sixth and Stewart Streets
Seattle, Washington 98101-1286
U.S.A.
Tel.: (1-206) 443-1777
Fax: (1-206) 443-9662

Wright Patterson AFB

Canadian Government Defence Trade Office

MCLDDP Building 11A, Room 148,
Area B
Wright Patterson AFB
Dayton, Ohio 45433-6503
U.S.A.
Tel.: (1-513) 255-4382
Fax: (1-513) 255-1821

Uruguay (Eastern Republic of)

Canadian Embassy

Edificio Torre Libertad
Plaza Cagangha 1335, off. 1105
11100 Montevideo
Eastern Republic of Uruguay
Tel.: (598-2) 92-20-30, 91-57-55
Fax: (598-2) 92-20-29

Uzbekistan (Republic of) *see Russia*

Vanuatu (Republic of) *see Australia (Canberra)*

Venezuela (Republic of)

Canadian Embassy

Street Address:
Edificio Torre Europa, Piso 7
Avenida Francisco de Miranda
Campo Alegre, Caracas
Mailing Address:
Apartado Postal 62302
Caracas 1060-A
Republic of Venezuela
Tel.: (58-2) 951-6166/67/68
Fax: (58-2) 951-4950

Vietnam (Socialist Republic of)

Canadian Embassy

31 Hung Vuong Street
Hanoi
Socialist Republic of Vietnam
Tel.: (84-4) 823-5500

Western Samoa (Independent State of) *see New Zealand (Wellington)*

Yemen (Republic of) *see Saudi Arabia*

Yugoslavia (Federal Republic of)

Canadian Embassy

Kneza Milosa 75
11000 Belgrade
Federal Republic of Yugoslavia
Tel.: (381-11) 64-46-66, 64-45-47
(night line)
Fax: (381-11) 64-14-80

Zaire (Republic of)

Canadian Office

c/o United States Embassy
P.O. Box 8341
Kinshasa
Republic of Zaire
Tel.: (243-12) 21532, ext. 2314;
21913, ext. 2313/21910/21737
Fax: (243-12) 43805

Zambia (Republic of)

Canadian High Commission

Street Address:
5199 United Nations Avenue
(Longacres Area)
Lusaka
Republic of Zambia
Mailing Address:
P.O. Box 31313
10101 Lusaka
Republic of Zambia
Tel.: (260-1) 25-08-33
Fax: (260-1) 25-41-76

Zimbabwe (Republic of)

Canadian High Commission

Street Address:
45 Baines Avenue
Harare
Zimbabwe
Mailing Address:
P.O. Box 1430
Harare
Republic of Zimbabwe
Tel.: (263-4) 733-881
Fax: (263-4) 732-917

APPENDIX D – FOREIGN BANKS IN CANADA

ABN AMRO Bank Canada

Aetna Tower
15th Floor
Toronto-Dominion Centre
Toronto, ON M5K 1G8
Tel.: (416) 367-0850

Amex Bank of Canada

101 McNabb Street
Markham, ON L3R 4H8
Tel.: (905) 474-8000

Banca Commerciale Italiana of Canada

Continental Bank Building
130 Adelaide Street West
Suite 1800
P.O. Box 100
Toronto, ON M5H 3P5
Tel.: (416) 366-8101

Banco Central Hispano-Canada

141 Adelaide Street West
Suite 340
Toronto, ON M5H 3L5
Tel.: (416) 365-7070

Bank of America Canada

200 Front Street West
Suite 2700
Toronto, ON M5V 3L2
Tel.: (416) 349-5389

Bank of China (Canada)

BCE Place
161 Bay Street
Suite 3740
P.O. Box 612
Toronto, ON M5J 2S1
Tel.: (416) 362-2991

The Bank of East Asia (Canada)

East Asia Centre
350 Highway 7 East
Suite 102-103
Richmond Hill, ON L4B 3N2
Tel.: (905) 882-8182

The Bank of Tokyo-Mitsubishi (Canada)

Royal Bank Plaza
South Tower
Suite 2100
P.O. Box 42
Toronto, ON M5J 2J1
Tel.: (416) 865-0220

Banque Nationale de Paris (Canada)

Tour BNP
1981 McGill-College Avenue
Montreal, QC H3A 2W8
Tel.: (514) 285-6000

BT Bank of Canada

Royal Bank Plaza
North Tower
Suite 1700
P.O. Box 100
Toronto, ON M5J 2J2
Tel.: (416) 865-0770

The Chase Manhattan Bank of Canada

100 King Street West
Suite 6900
Toronto, ON M5X 1A4
Tel.: (416) 216-4100

Cho Hung Bank of Canada

2 Sheppard Ave. East
Suite 1100
Toronto, ON M2N 5Y7
Tel.: (416) 590-9500

Citibank Canada

Citibank Place
123 Front Street West
Suite 1900
Toronto, ON M5J 2M3
Tel.: (416) 947-5500

Crédit Lyonnais Canada

Centre ManuVie
2000 Mansfield Street
18th Floor
Montreal, QC H3A 3A6
Tel.: (514) 288-4848

Credit Suisse First Boston Canada

525 University Ave.
Suite 1300
Toronto, ON M5G 2K6
Tel.: (416) 351-3500

Dai-Ichi Kangyo Bank (Canada)

Commerce Court West
Suite 5025
P.O. Box 295
Toronto, ON M5L 1H9
Tel.: (416) 365-9666

Deutsche Bank Canada

222 Bay Street
Suite 1200
P.O. Box 196
Toronto, ON M5K 1H6
Tel.: (416) 682-8400

Dresdner Bank Canada

Exchange Tower
2 First Canadian Place
Suite 1700
P.O. Box 430
Toronto, ON M5X 1E3
Tel.: (416) 369-8300

First Chicago NBD Bank Canada

BCE Place
161 Bay Street
Suite 4240
P.O. Box 613
Toronto, ON M5J 2S1
Tel.: (416) 865-0466

Fuji Bank Canada

BCE Place, Canada Trust Tower
161 Bay Street
Suite 2800
P.O. Box 609
Toronto, ON M5J 2S1
Tel.: (416) 865-1020

Hanil Bank Canada

36 Lombard Street
Toronto, ON M5C 2X3
Tel.: (416) 214-1111

Hongkong Bank of Canada

885 West George Street
Suite 500
Vancouver, BC V6C 3E9
Tel.: (604) 685-1000

The Industrial Bank of Japan (Canada)

100 Yonge Street
Suite 1102
P.O. Box 29
Toronto, ON M5C 2W1
Tel.: (416) 365-9550

ING Bank of Canada

111 Gordon Baker Road
Suite 900
North York, ON M2H 3R1
Tel.: (416) 497-5157

International Commercial Bank of Cathay (Canada)

National Bank Building
150 York Street
Suite 910
P.O. Box 4037
Toronto, ON M5H 3S5
Tel.: (416) 947-2800

J.P. Morgan Canada

Royal Bank Plaza
South Tower
Suite 2200
P.O. Box 80
Toronto, ON M5J 2J2
Tel.: (416) 981-9200

Korea Exchange Bank of Canada

Edison Centre
2345 Yonge Street
Suite 600
Toronto, ON M4P 2E5
Tel.: (416) 932-1234

Mellon Bank Canada

Toronto-Dominion Centre
Royal Trust Tower
Suite 3200
P.O. Box 320
Toronto, ON M5K 1K2
Tel.: (416) 860-0777

National Bank of Greece (Canada)

1170 Place du Frère André
Montreal, QC H3B 3C6
Tel.: (514) 954-1522

National Westminster Bank of Canada

Royal Bank Plaza
South Tower
Suite 3350
P.O. Box 10
Toronto, ON M5J 2J1
Tel.: (416) 865-0170

Paribas Bank of Canada

Toronto-Dominion Centre
Royal Trust Tower
Suite 4100
P.O. Box 31
Toronto, ON M5N 1N8
Tel.: (416) 365-9600

Republic National Bank of New York (Canada)

Esso Tower
1981 McGill College Avenue
Montreal, QC H3A 3A9
Tel.: (514) 288-5551

Sakura Bank (Canada)

Commerce Court West
Suite 3601
P.O. Box 59
Toronto, ON M5L 1B9
Tel.: (416) 369-8531

Sanwa Bank Canada

BCE Place, Canada Trust Tower
161 Bay Street
Suite 4400
P.O. Box 525
Toronto, ON M5J 2S1
Tel.: (416) 366-2583

Société Générale (Canada)

1501 McGill College Avenue
Suite 1800
Montreal, QC H3A 3M8
Tel.: (514) 841-6000

Sottomayor Bank Canada

1102 Dundas Street West
Toronto, ON M6J 1X2
Tel.: (416) 588-9819

State Bank of India (Canada)

Royal Bank Plaza
North Tower
Suite 800
P.O. Box 81
Toronto, ON M5J 2J2
Tel.: (416) 865-0414

The Sumitomo Bank of Canada

Ernst & Young Tower, TD
Centre
222 Bay Street
Suite 1400
Toronto, ON M5K 1H6
Tel.: (416) 368-4766

Swiss Bank Corporation (Canada)

Queen's Quay Terminal
207 Queen's Quay West
Suite 780
P.O. Box 103
Toronto, ON M5J 1A7
Tel.: (416) 203-2180

Tokai Bank of Canada

Sun Life Centre
150 King Street West
Suite 2401
P.O. Box 84
Toronto, ON M5H 1J9
Tel.: (416) 597-2210


Union Bank of Switzerland (Canada)

154 University Avenue (corner
Pearl Street)
Toronto, ON M5H 3Z4
Tel.: (416) 343-1800

United Overseas Bank (Canada)

Vancouver Centre
650 West George Street
Suite 310
P.O. Box 11616
Vancouver, BC V6B 4N9
Tel.: (604) 662-7055

Source: Canadian Bankers Association.



The right information at the right time...

Looking for the big picture and the finer details on the Canadian investment climate?

Take a look at the Canadian Investment Intelligence Website and the attached CD-ROM, for information that's pure gold:

- regularly updated directories of important Canadian business websites;
- SiteProLite, a unique site location database with detailed community profiles and cost comparison capabilities;
- profiles of all major sectors of the Canadian economy;
- the top ten reasons to invest in Canada;
- surprising facts and useful general information about the country which the UN has consistently called the number one place in the world to live.

Visit www.canada.prospectus.com
This publication's companion on the Internet



...is priceless.

Installation instructions are provided on the CD-Rom.

CD-Rom System Requirements

Hardware: PC with 486 processor or greater
and CD-ROM drive.

Software: Microsoft Windows 3.1 or greater.

Minimum RAM: 8MB

Free hard disk space: 2MB

Printer: Ability to print postscript files.

For technical support,
please call (613) 231-2727.



prospectus inc.
knowledge in action

3 1761 11553242 6

SPONSORED BY:

Fasken Martineau
BARRISTERS AND SOLICITORS



Atlantic Canada
Opportunities
Agency

Agence de
promotion économique
du Canada atlantique

PUBLISHED BY:

*pro*spectus inc.
knowledge in action

Canada